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THE LABOUR OUTLOOK

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BY

ARTHUR GREENWOOD, M.P.

WITH AN INTRODUCTION BY

THE RT. HON. J. RAMSAY MACDONALD

P.C., LL.D., M.P.

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PREFACE

THIS book has been written amid very heavy pressure of work and within the shadow of a General Election. I have tried to do two things—to express the Labour Party's general attitude towards the major problems of life and society, and at the same time to show that the Party has practical proposals to make on these questions. I realise the imperfections of the volume, but I hope that it will, at least, perform a service in enlightening in some degree the minds of those readers who, as opponents of the Labour Party, have hitherto taken no pains to understand our point of view, or whose minds are still open to consider sympathetically the appeal which Labour makes to the nation. I am indebted to Mr. Herbert Tracey for help in preparing this book for the press and in other ways.

ARTHUR GREENWOOD.

INTRODUCTION

I HAVE great pleasure in commending Mr. Greenwood's book to readers really interested in political issues. The distinction between Toryism and Liberalism on the one hand and Labour on the other is that neither of the two former has any underlying political philosophy. They have no conception of an organised community with a will and system of life of its own. The Liberals once had such a philosophy, but Society has outgrown it. The Conservatives never attempted to formulate such a thing. Therefore it is that there is so much patchwork in legislation. The Conservative Government applies Socialism with one hand and knocks it down with the other, and a Liberal Party in distress is willing to grasp at any life-belt provided it keeps it afloat.

Mr. Greenwood's treatment of his subject shows a combination of thinking on fundamentals and of devising programmes in accordance with that thinking. It may challenge disagreement as effectively as it will win approval ; but this country at the present moment of its industrial and social evolution cannot receive a better service than to be stirred up out of its mental sluggishness, and to

be compelled to think of the problems of to-day, both in relation to the evolution of the past and the fulfilment of to-morrow. Mr. Greenwood's book does that, and that is why I commend it to the consideration of the public.

J. RAMSAY MACDONALD.

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THE LABOUR OUTLOOK

PART I

PRINCIPLES

CHAPTER I

THE FOUNDATIONS OF LABOUR POLITICS

THE modern Labour Movement is the creation of the Industrial Revolution. Like the Trade Unions, from which the Labour Party sprang a little over a quarter of a century ago, the political organisation of the workers has been influenced by economic and social conditions which have moulded its principles and dictated its main lines of policy. The rise of the Labour Party at the end of the nineteenth century, and its rapid development in the twentieth, are by no means historical accidents. The same great process of economic change that originated in the mechanical inventions which inaugurated the era of machine production, and produced the factory system and the modern wage-earning class, also brought into

existence the modern working-class organisation. It was essentially, in its origin, an organisation of defence and a protest against the economic inequalities and social injustices produced by the capitalist system.

The evils of Capitalism were indeed gross and palpable. It had brought about the concentration of large industrial populations in gloomy factory towns, and had exposed them, in accordance with the prevailing economic theory of *laissez-faire*, to the most merciless exploitation. It had imposed upon the wage-earning class an inhuman discipline which spared neither man, woman nor child. It was not merely the long hours of work, the low wages, the squalor and misery of their homes that drove the working people to revolt which often took a violent form. Far more potent in its influence was the feeling that they had been entrapped and enslaved by a rigid system which sapped their vitality and used up their lives as one of the raw materials of wealth production, giving them in return no more than the bare means of a wretched subsistence. To the least intelligent wage-earner Capitalism spelled a loss of freedom. Poverty and misery were perhaps the lot of the great mass of people under the system which the new methods of machine production had displaced ; but the new factory system brought new shackles. The factory hooter called the

employee to work on the stroke of the clock, and dismissed him, after long hours of toil, exhausted in body and mind. His work was regulated in the minutest detail by rules and regulations, the smallest infraction of which was punished by fines. He was not even allowed to whistle at his work. He dare not leave his place to wash his hands. In working hours the doors of the factory were locked. To all intents and purposes he was a slave of the machine, and was driven, like a machine, remorselessly and unremittingly to the limit of his capacity.

Against the rigours of this system the law forbade him to combine with his fellow workers. It had been made a crime for two workmen or more to agree together in requesting an increase of wages. Savage punishments were prescribed for those who endeavoured by peaceful persuasion to induce their fellow workmen to leave their work with the object of compelling an employer to increase wages or improve conditions of employment. The law had made it a crime to attend a meeting called for the purpose of organising a combination of workmen or taking part in a trade dispute. No man without risk of punishment could subscribe to a fund which might be used to support a workman who had left work, or who had refused employment, in the hope of securing better terms from the employer. It is true that the Combina-

tion Laws applied equally to employers and workers, but it was only the latter who suffered from their rigorous administration.

The working-class organisations which came into existence under these conditions as a means of protection against the excesses of the new capitalist system inevitably developed a constructive purpose. They concerned themselves primarily with improving the lot of the worker, within the four corners of the capitalist system. But wider aims were implicit.

Half a century ago new ideas were stirring the minds of thoughtful working men. Capitalism was no longer regarded as inevitable and eternal. The vision of a new order seized the imagination of progressive Trade Unionists. There had been workers in earlier years who had come under the influence of the early English Socialists. But there was no conscious and deliberate movement towards Socialism in the ranks of organised Labour until a couple of generations or so ago. Trade Union organisation, undertaken primarily as a means of defence, derived a new driving force from the belief that the capitalist system could be superseded by a more humane and not less efficient method of organising the production of wealth, and of ensuring its more equitable distribution on the basis of co-operation.

This conception of a responsible participation

by organised bodies of workpeople in the production and distribution of wealth was not a new thing. The Co-operative Movement, founded by working people to protect them as consumers against the exploitation of the capitalist system, visualised from its early days the voluntary association of producers, possessing their own capital, and forming self-governing and self-sustaining communities, producing for themselves the necessities of life. Its ideal was—and is—the Co-operative Commonwealth, which term it uses in contradistinction to the system of private ownership and control.

The capitalist system, with its ever-enlarging units of production, its developing system of mechanical transport, its expansion of markets and the growth of banking facilities which mobilised financial resources for the extension of capitalist enterprises, had, it is true, opened up possibilities of production beyond the range of the small co-operative communities which struggled to establish themselves in an earlier age. But though the worker's position was improved as time went by, it became clear that, notwithstanding rapidly increasing production, Labour was not given a square deal under the system.

The new ideas took root in the minds of the organised workers. Their spread coincided with the extension of Trade Unionism, and, what is

especially interesting, with the rise of the militant "general labour" unions. The seed which had been sown bore fruit. The soil of Capitalism proved fertile ground.

The horrors of the early nineteenth century—coldly chronicled in many an official report—were a lingering memory. And although the more enlightened generation of employers which had arisen would have shrunk from defending the old conditions, the workers realised the indisputable fact that they got nothing out of the capitalist system, except as a result of oft-repeated and insistent demands. During times of prosperity employers did not come forward voluntarily to share their prosperity with the workers. The initiative invariably had to come from the workers. The employers, it seemed almost as a matter of principle, always resisted claims for shorter hours and improved conditions. Concessions had to be wrung from them. They were, with a few honourable exceptions, always to be found in the van of opposition to factory and other industrial legislation. For long they were coldly hostile to Trade Unions, though in course of time they have seen the wisdom of negotiation with organised workers.

The Trade Unionists, therefore, came to disbelieve in the existence of benevolent despotism in industry. They realised that they must use all

the power they could command to improve their economic conditions; and they began in increasing numbers to appreciate the impossibility of satisfying their aspirations under the existing system.

It was but a step to the political organisation of Labour. In view of the growing volume of legislation affecting working-class interests, and the large representation of employers' interests in the House of Commons, Labour representation became urgent. The philosophical background of organised Labour logically demanded a distinct and separate party. The system of Trade Union representatives was but a temporary makeshift, and in 1899 the Trades Union Congress, in alliance with the Socialist organisations, took steps to establish an independent political party. Though the outlook of Trade Unionism had wavered between reformism and a crude revolutionary philosophy, its entry into politics officially committed it to the attainment of its purpose by constitutional means.

It is, of course, true that there are members of Co-operative Societies who do not share the aspirations of the Co-operative Movement. It is equally true that there are members of Trade Unions who do not subscribe to the principles of the Labour Party. What, however, is undeniable is that the leading spirits of these three working-

class movements have common aims which are unrealisable within the existing order. I would also claim that the principles of both the Co-operative and Trade Union Movements logically lead to a repudiation of the capitalist system and the acceptance of the conception of an order of society based on democracy and co-operation.

At various times in the history of Trade Unionism it has been possible to suggest that the organised workers had become reconciled to Capitalism and were prepared to make the best of it. This might have been said of the period in which the Trade Unions were developing their characteristic technique of collective bargaining, and when they were to be found in alliance with the Liberal Party. It might indeed be said, and has in fact been said, in regard to the attitude of Trade Unions in the recent discussions with the representative group of employers headed by Lord Melchett, that the organised workers no longer aim at the supersession of Capitalism. The wish is father to the thought. The constructive attitude which the Trade Unions have adopted towards industry and towards the nation at the present time cannot be taken as signifying their acquiescence in the continuance of the present system. It is, indeed, part of the modern Socialist policy of securing for the representatives of the organised workers an enlarging measure of control

over the determination of industrial policy and the conditions of industrial life. But whilst the Trade Union Movement is anxious to play a larger part in the " government " of industry, in shaping its administration, in improving the standard of life of the worker, in raising his status and widening his responsibilities in industry, it firmly believes that far-reaching political action is essential in order to transfer the means of life to public hands. Those who, like the Prime Minister, believe that the organised workers have abandoned Socialism, profoundly misunderstand the nature of the forces which have moulded the mind of organised Labour, just as they misunderstand, or, at any rate, misrepresent, the purpose and method of Socialism. Similarly, there are those who deplore the intervention of the Co-operative Movement in politics, and hold that co-operation is in no sense antagonistic to the existing system. But the Movement was driven into politics in self-defence, and as a means towards the fuller development of the co-operative system. There is no conflict either of principles or of method between the Labour Party and the political party called into being by the Co-operative Movement. The latter, like the former, is fully conscious of the fundamental cleavage which exists between it and the system of private enterprise.

Even a superficial acquaintance with the history of the Trade Union, the Co-operative and the Political Labour Movements should be sufficient to convince critics of the error of regarding any of them as upholders of the present order. These Movements have a common basis. They move on converging paths to the same goal. That goal is the supersession of the capitalist system based on the private ownership of land and capital, and the exploitation of the wage-earning class by those who, owning or controlling capital, are in control of industry. The politics of organised Labour, like its industrial policy, are socialistic. This must be said with some emphasis. It is really impossible to understand the dividing issues as between the various political parties at the present time unless this is clearly understood. What the organised Labour Movement means by Socialism, and how the Labour Party will bring the new order into existence by its political programme, I hope presently to make clear. But I consider it to be necessary, in order that the issues may be well-defined, especially as between the Labour Party and the Liberal Party, to emphasise this fundamental fact. The rise of the Labour Party and its phenomenally rapid development as an independent organisation are the outcome of Socialist propaganda amongst the wage-earners. The foundations of the Labour Party are in

Socialism. The political, economic and social programme for which it stands represents a fulfilment of the ideals of the Trade Union and Co-operative Movements in their application to the control of industry and the organisation of the national life.

Organised Labour is the product of economic, social and political evils for which a solution had to be found. It is concerned with human needs. Although it represents the organisation of a class, it does not exist merely to further class interests. Its aim is human well-being. Our political opponents make great play with the supposition that the Labour Party is a class party and that it upholds the "class war." It is true that the Labour Party is the deliberate creation of working-class organisations. It is also true that its concern is with those who labour and contribute to the nation's stock of commodities and services. It is, moreover, true that it has no place in its scheme of things for the idler. But it is not a class party in the sense that it is working solely in the interests of a narrow section of society. Even at the lowest it claims to represent the true interests of at least four-fifths of the population. But, as a matter of fact, an insistence on the satisfaction of the human needs of the great mass of the people, and a genuine regard for wide human considerations, are essential to a real national policy. The

Labour Government of 1924 may rightly be regarded as the first national Government. It reflected the national life and gave a wider connotation to national policy.

As regards the charge that the Labour Party is a " class-war " party, I would say that the term " class struggle "—inaccurately translated into English as " class war "—recognises the truth that history, at least in its domestic aspects, is a struggle of one class after another for recognition and power. And it is obvious to all that the masses of the people must be accorded their place in the sun. The so-called " class war " is not the expression of a theory or an ideal. It is a cold statement of fact, supported by the history of both Conservatism and Liberalism. The former has concerned itself primarily with the defence of the privileges of the aristocracy and the landed classes. Liberalism is the product of the struggle of the industrial and commercial interests which were created by the Industrial Revolution for a foothold in the social and political world hitherto dominated by Tory interests.

The Labour Party has no need to be ashamed of its desire to end the social and political influence of non-producers and to establish the useful and productive elements in the community in control.

The welfare of the people, their security, prosperity, health and happiness have been the

paramount consideration in the organisation of the wage-earning class. But this class organisation, as I have said, was undertaken for the broadest social ends. The organised workers created their political party, not to serve narrow class interests, but under the inspiration of democratic ideals, and with a genuine social equality as their aim. The Trade Unions, when they called the Labour Party into being, renounced the belief that economic revolution could be brought about only by violent means. But their adoption of the methods of political democracy was by no means equivalent to a declaration that the processes of economic change must be necessarily slow. The existence of the Labour Party is an avowal of essentially revolutionary aims in the sense that the party seeks to create a new order of society different in its aims, purpose and organisation from that which exists to-day. In accepting the limitations of the party system and the obligations of parliamentary methods, Labour gave a pledge more binding than any formal declaration that the supersession of Capitalism by Socialism will be accomplished without that bloodshed and disorder which its opponents pretend to fear.

Those who make Labour politics synonymous with the prosecution of the class war, and who denounce Socialism as a theory subversive of organised society, assuredly do not understand

either the motive which brought the workers' organisations into existence or the methods which they have deliberately chosen to adopt. To reduce the issues that divide the parties to a mere sordid struggle between the "haves" and the "have nots" is not merely to perpetrate an injustice, but to deny the moral purpose of the ideals which provide organised Labour with its powerful dynamic. Those who defend the existing order must shut their eyes to the fact that the conditions of a civilised life for all have not been provided under Capitalism. It has produced millionaires at one end of the social scale and paupers at the other. Grudging measures of amelioration have been passed by Parliament without as yet safeguarding the masses from destitution. Capitalism confronts the unemployed poor with the idle rich. It justifies child labour and the starvation of social services concerned with the health and education of children. The orthodox political parties have sought to minimise the existing shortcomings in the social services by pointing to the achievements which have been made, without embracing the logical development of the system of collective provision.

This brings me to what is the heart of the Labour case against prevailing conditions. The case against Capitalism on moral grounds is even weightier than the case against it as an inefficient,

wasteful and disorderly system of economic organisation. It was said of Keir Hardie that he made Socialism the poetry of the poor. It can be said with equal truth that Socialism is the ethics of the poor. The political and economic theories which underlie the political programme of the workers, whilst based on scientific considerations, are at the same time generous and humane. There are few people who would care publicly to defend the extremes of wealth and poverty which exist to-day, and which, in the view of the Labour Party, ought not to exist. Can anyone to-day deny the existence of widespread and unmerited poverty in our midst, the existence of evil housing conditions, the continuance of preventable disease? Will anyone seriously contend that ignorance, disease, dirt, disorder, squalor and misery are social blessings? Labour bases its case on the moral claim of every individual to conditions of life and to opportunities which will enable him—or her—to live a decent life as an individual and as a worker, parent and citizen, upon whom the State has imposed duties and responsibilities. The social and economic evils which exist to-day degrade human personality and impair the standard of citizenship.

Organised Labour believes that these evils are largely the products of the existing system of capitalist production for profit, based on private

ownership of land and capital, and upon the autocratic or oligarchic control of the economic organisation of life.

The material fabric of modern society rests upon the institution of property. The motive which dominates the economic order and powerfully influences the whole of our national life is private advantage. It is this pursuit of material gain for private ends which has led to wide social disparities and deep-seated economic injustice.

The whole emphasis in the Labour programme is upon constructive efforts to establish an order which will enable the common human needs to be satisfied and human interests to be developed for the public good. Moreover, common interests and common needs bind together the workers of all lands. Organised Labour is the voice and the interpreter of a universal aspiration towards freedom and peace, founded on fraternity and equality. Its policy is therefore a policy based on both Socialism and Internationalism.

The roots of Labour politics are then to be found in the economic and social conditions tolerated by the capitalist system and in the revolt against the *laissez-faire* doctrine which provided Capitalism with its philosophy. Though primarily defensive in their early days, the organised Labour and Co-operative Movements, partly under the inspiration of Socialist pioneers and partly as a

result of practical experience, developed a constructive purpose, seeking to substitute a co-operative commonwealth for the existing economic and social order. Their interest in Socialism, however, is not academic. They are less concerned with systems than with people. To them co-operative and collective organisation and the application of democratic principles to the control of the nation's economic life are essential to the satisfaction of the physical, intellectual and spiritual needs of the people.

CHAPTER II

SOCIALISM

THE outstanding difference between the Labour Party and the older political parties is its Socialist basis. Conservatism holds to what is: it deliberately resists change; when it moves it does so tentatively and cautiously. It has a real conception of the State and is not opposed to State interference, provided such interference is limited to maintaining the existing order and defending or assisting existing interests. It is, for example, the advocate of State interference in trade by means of protective duties.

Conservatism regards itself in a special degree as the guardian of the British Empire, and it has commandeered the Union Jack as its party emblem. It is the authentic voice of the British lion, and is the first to suspect insults to the British flag.

Conservatism is not in any real sense democratic. Its interests are in the classes rather than the masses. In its heart it still believes in the existence of the lower orders, whom it despises. Given full rein, Conservatism is Imperialist, militarist and anti-democratic, but the mere existence

of its political opponents has tempered and modified its attitude.

Whilst Toryism has its roots in the aristocracy, Liberalism has its roots in the middle classes. It was the political expression of the employing class which became the dominant factor after the Industrial Revolution. Since then it has become *petit bourgeois* in its outlook and attitude. Its conception of the State is that it should merely hold the ring. The basis of the Liberal policy was individualism. It upheld the claims of the individual to political and religious liberty, and became the great upholder of Free Trade. But its inherent individualism led it to draw the line at the implications of economic freedom. It has a sentimental attachment to social reform, and is prepared for such changes as will not seriously challenge the existing order. Historically the party of the Left, Liberalism has been ousted from this position by the growth of the Labour Party, and it now hovers uneasily between the Left and the Right, endeavouring to accommodate itself to a centre position, and claiming to stand midway between reaction and revolution. Whilst parading its multi-coloured reports as an earnest of its progressive spirit, its leaders continue to denounce Socialism with the same fervour as the Tory Party.

The Labour Party is frankly Socialist in outlook and in spirit. There would, indeed, be no

justification for its existence if its proposals were but a variant on the policies of Conservatism and Liberalism. The vision of both Toryism and Liberalism is bounded by the four corners of the capitalist system. Their plans are designed to operate within its four corners. The Labour Party, on the other hand, consciously challenges the existing order of society on the ground that it has shown itself incapable of satisfying the needs and aspirations of the people.

Though the capitalist system solved in large measure the problem of the production of wealth, it has found no solution of the problem of its distribution, nor has it discovered how to adjust its activities so as to secure continuity of employment and regularity of earnings to the worker. It has, indeed, misused the available labour power. It has been greedy in its exploitation of the young, and it has been careless of the lot of the aged. The existence of blind-alley labour and casual labour are indications of the disregard of human material by the capitalist system. The spokesmen of capitalist interests have opposed the satisfaction of the human needs of labour through the development of the social services. Finally, capitalism's most signal failure—and the cause of many of its other shortcomings—has been its inability or unwillingness to apply to its structure and administration the principles of democracy, already part

of the warp and weft of our common life in the conduct of national and local affairs.

It is impossible to defend a system of political democracy—in the development of which both the orthodox political parties have been concerned—and to oppose at the same time the application of democratic principles to the economic sphere. There are two cogent arguments in favour of the extension of public control in the realm of industry and trade. In the first place, political democracy, which to-day has general support, cannot express itself completely under Capitalism. The dependence of the worker on his employer for a job robs him in a greater or less degree of political freedom. The fear of victimisation which still exists, particularly in the rural areas, is an impediment to full political expression. The passing of the national newspapers into the hands of a few rich people, whilst their influence may be overrated, has undoubtedly confused political issues and the public mind. The financial support given by the big interests to the orthodox political parties has in the past assisted them at the expense of the Labour Party. The present economic system, by its maldistribution of wealth, and the economic power and social influence which it bestows on those who own or control wealth, has hampered the free working of political democracy.

In the second place, if it be conceded that

democratic government is right in the realm of national and local affairs, and in the co-operative, trade union, friendly society, working-men's club, building society and other similar movements—if, indeed, the democratic spirit finds more or less complete expression in State and local government, in churches, and in voluntary associations of almost every kind, what valid argument can be adduced against extending the principle of democracy to the material side of life, and bringing industry and trade into harmony with the principle governing almost every aspect of public affairs, governmental and voluntary ?

It is clear that to have within a community struggling to express democratic ideas with greater fullness, and in a more complete form, an economic system which is oligarchic, if not autocratic, in its conception is anomalous. The economic activities of the nation are so interwoven with its political and social life and its life in the world that it is essential, in the public interest, that industry and commerce should be harmonised with the outlook, purpose and organisation of the wider community.

The only ground on which the application of democratic principles to the economic system can be opposed is that industry and trade are either too important, too technical and too complicated to be entrusted to popular control, or too un-

important and too trifling to call for drastic changes.

As regards the former argument, the only proper solution for the conduct of industry would be government by divine right. No one in his senses believes that the individuals who to-day control the destinies of industry, commerce and finance are appointed by a supernatural agency. Nor are they perfectly round pegs in perfectly round holes. Many of them are obvious misfits. Many are there by hereditary influence. Others, again, because of a title, or because they are the inheritors of wealth.

If the mechanism of industry is so delicate, and the results of its operations are so far-reaching and so vital, then it is clearly essential that the community, for whose service our industries and banks exist, should be closely concerned with the working of the economic system. If, on the other hand, industry is so negligible a matter, then there seems no reason why anyone should consider it necessary to resist public control.

It is obvious, however, that the wisdom or unwisdom of captains of industry, merchant princes and financial magnates profoundly affects the fortunes and the very lives of millions of people. Yet those who determine policy, and who hold the world's business in their hands, are irresponsible and unknown. There is—though

not universally—a nominal responsibility to those who supply the capital of business concerns, but the actual directors are virtually beyond the control of either the producers whom they employ or the consumers whom they exist to serve.

There is an overwhelming case for a change in the organisation and purpose of the economic system. What, we may ask, is required of our system of production ? It must put public interest in the place now occupied by the motive of private profit. It must, that is to say, concern itself primarily with ensuring justice to the producers, and an efficient and well-conducted service to the consumers. But these objects necessitate a change in both the ownership and control of industry. Those who control industry should not be those whose function is merely the provision of the necessary capital, and who regard an enterprise primarily as an organism which secretes dividends. Capital, as has been said, should be employed by skill and knowledge, rather than it should employ them. Capital should be invested with a view to the service of the consumer, and not with a desire to enrich the shareholder.

The association of producers and consumers in the " government " of industry, with capital as a servant, may take different forms, and in many cases may require to be achieved by instalments. But the central conception of Socialism

is a simple one. It is that private profit should be eliminated, and that the fullest advantages of science, organisation and applied skill should, on the one hand, accrue to the administrative, technical and manipulative workers who produce, and, on the other hand, to the public, as consumers.

Critics of the Labour Party almost invariably draw a caricature of Socialism and then enlarge upon its comical absurdities. In order to prejudice it, they fall back on the alien bogy. It is, they allege, a foreign product which wicked politicians and agitators are engaged in forcing upon a gullible electorate. Lord Birkenhead during the General Election of 1924 sought to rouse hostility to Labour candidates by declaring that " the Socialists of England were the greatest imitators and plagiarists in the whole of the world. They had never had one idea of their own. They stole all their ideas from a few madmen in Germany, and their real leader was a half-baked German visionary called Karl Marx, who invented the doctrine of class hatred." Mr. Winston Churchill has more than once sung the same hymn of hate of British Labour.

But whether our opponents know it or not, Socialism, like constitutional government, modern industrial legislation, trade unionism and the co-operative movement, is essentially a British product. The chief contribution which Britain

has made to the progress of the world has been in the realm of government and administration, both in the State and in voluntary associations. And it is not without significance that the principles of Socialism should have had their origin in Britain.

The fundamental ideas of Socialism, including Marxian Socialism, as Prof. H. S. Foxwell long ago assured us, can be definitely traced to English sources. Godwin, Hall, Thompson, Gray, Hodgskin and Bray—names which apparently carry no meaning to Lord Birkenhead and others who, like him, are ignorant of the history and meaning of Socialism—were the founders of the English school of Socialists, and Karl Marx himself was completely under their influence, and more particularly under the influence of William Thompson. But whilst Marxism has become predominant on the Continent, English Socialism has become less concerned with theoretical ideas, and more with questions of practical realisation.

Anti-Socialists complain that Socialists do not always use the same formula to define Socialism, and that Socialism does not mean quite the same to-day to its supporters as it did a generation ago. As regards the first charge, it is perfectly true that all Socialists do not think alike. Neither do all Conservatives nor all Liberals. On Protection, for example—a very important tenet of the

Unionist creed—the views of Mr. Churchill and Mr. Amery are widely divergent, whilst sincere Liberals hold antagonistic opinions on Mr. Lloyd George's land policy. The Conservatives known to the House of Commons as the "Y.M.C.A." would hardly define Conservatism in the same terms as the "Die-hards." Nor would the old-style Liberal agree with the new "Summer School" Liberals in a definition of Liberalism. It would be surprising if Socialism were regarded from precisely the same angle by every Socialist, and if all Socialist supporters placed similar emphasis on the various aspects of the Socialist programme.

As regards the charge that Socialism is changing in its content and method, I see no reason why that should be deemed to be a ground of criticism. Even Conservatism, though essentially static, has had to move with the times, and Socialists have been wise enough to adapt their proposals to changing economic and social conditions and to modify them in the light of wider knowledge and greater understanding of the problems involved.

In earlier days the constructive proposals of Socialism were sketchy and crude. They were subsequently developed, largely under the inspiration of the Fabian Society, along collectivist lines. New ideas of workers' control led to the growth of Guild Socialism. A study of the complexities

of the modern economic system and of the various experiments which were taking place showed that the approach to Socialism might take different forms. Socialism, as a living creed, learnt much from War and post-War experience. Though holding firmly to its central doctrine of public service, it realised that this was capable of attainment by various paths. As Socialist experiments are tried, knowledge and experience will grow, Labour policy will be enriched, and new and fruitful lines of advance suggested.

Socialism in its practical application as we know it to-day takes many forms. It is customary, now that certain forms of public service are part of our common life, for anti-Socialists to declare that these are not Socialism. But where the motive of private gain is eliminated and public interest and public service are the supreme considerations, there is Socialism, even though it may be called by some other name.

The national post office and telegraph and telephone services, for example, are examples of public enterprise. Even a Tory Government such as that which was in power from 1924 to 1929 took long strides in the direction of the unified control of electricity supply under public auspices, and socialised the new and important broadcasting service under the management of the British Broadcasting Corporation.

The nation to-day owns a good deal of public property and conducts a number of public enterprises, the existence of which does not appear to rouse partisan emotions. As for our local authorities, they are a field where public enterprise is steadily extending. Leaving aside schools, libraries, museums, hospitals, roads, bridges, fire brigades, etc., municipal and other local bodies own, for example, farms, waterworks, gasworks, electricity undertakings, tramways, markets, harbours and docks. The outstanding loan debt of the local authorities in England and Wales on March 31st, 1926, approached £935,000,000, the bulk of which represents public assets.

The Co-operative Movement, with its ramifications at home and abroad, carries on its productive and distributive activities on a colossal scale as a vast non-profit-making organisation on a voluntary basis.

Considerable inroads have been made by public and co-operative enterprise into the system of private enterprise ; and even where private ownership maintains its sway, its freedom of action is in many cases controlled or limited by legislation.

Recent tendencies are towards " rationalisation," which is the capitalist application of the principle of nationalisation. It seeks to secure the consolidation of interests and the efficient co-ordination of the productive, commercial and

distributive processes concerned, so as to bring about unity of purpose and policy, under private ownership and control.

It is not surprising that there should be a powerful tendency towards the co-ordination of cognate and allied economic activities. There are obviously large advantages to be obtained from it. It represents, on the one hand, a development by means of which Capitalism hopes to maintain itself, and, on the other, a step in the evolution of industry toward Socialism.

The belief that there is some inner force, independent of human agency, which drives industrial organisation and technique into new directions, and that to interfere with it is not in the best interests of industry, is one which cannot be seriously upheld. The difference between the Socialist and the anti-Socialist is that whilst the latter would leave the trend of economic development to those who care to take it in hand, the former holds that economic development should be consciously directed to public ends. The question is not whether the economic system should be allowed to develop " naturally " without " artificial " interference, nor whether it should be deliberately directed by Socialists. The question is as to who should determine the direction of our economic growth : whether it should be left to anybody who cares to undertake it, or

be deliberately thought out with a single eye to the public good.

The choice is not between independent competitive producers and a bureaucratic system of public ownership. In the staple industries, and as regards some of the more important commodities, the process of consolidation is in progress. The choice, in a broad and general way, will, in the near future, be between private monopolistic concerns and public monopolies. Rationalisation or Nationalisation? I do not necessarily oppose the former, but it is not the end of economic growth. It is a capitalist conception for adapting the economic system to modern needs. Society will sooner or later be forced to protect its members against the anti-social effects of uncontrolled rationalisation, and in so doing it will be taking a further step in the transition from Capitalism to Socialism.

How rapidly public ownership and control in its various forms will develop will depend primarily upon public opinion. There are large numbers of people who, whilst disavowing the label of "Socialist," support the nationalisation of the land. There are many others who ardently advocate the nationalisation of the railways, though they are not allied with the Labour Party. There are Conservatives who remain unrepentant municipal Socialists, and support such enterprises as

the Birmingham Municipal Bank. This volume of support for definitely Socialist proposals shows that the idea of Socialism is not to be destroyed by mere abuse and misrepresentation. Nor does the reiteration of part of the facts relating to alleged failures of Socialist experiments abroad destroy the case for Socialism. Even if these cases were proved, they can be capped by far more glaring cases of bankruptcy and incompetence on the part of private concerns, and their failure in no way detracts from the successful Socialist enterprises, which are far more numerous than the alleged failures. Mr. Baldwin has gone out of his way to belittle the Socialist experiments of our Dominions. But no amount of misrepresentation can rob the Canadian Government of the great success which it has made of the Canadian National Railways when the enterprise was taken over by it as a bankrupt concern. Nor can critics find any room for adverse comment upon the Ontario hydro-electric scheme. These two enterprises stand to the credit of a people whose policy has been decided on grounds of public advantage.

The chief bogy, however, which is brought before the eyes of the public by anti-Socialists is bureaucracy. They endeavour to make the flesh of electors creep by pictures of " hordes of bureaucrats " conducting industries and services, in place of the kindly, benevolent and public-spirited

gentlemen who, it is inferred, are now responsible for them. What they mean precisely is not at all clear. The railway system and the large combines are administered by " bureaucrats," that is to say, by paid servants. These servants become specialists at their work, and are essential to the efficient working of any large enterprise. In a Socialist enterprise, administration would be in the hands of trained people ; and indeed, of much the same people as are engaged upon administrative work in private enterprises. The question of bureaucracy, therefore, does not arise. The principal change which would take place in the transfer of an enterprise from private to public hands would be that the " bureaucrats "—that is to say, the administrative and executive officers—would be subject to an authority ultimately responsible to the public instead of to an authority called a board of directors, whose responsibilities are practically unlimited or subject to limitation by a handful of shareholders.

Behind anti-Socialist criticisms there is the view that it is only self-interest which makes the world go round, and that once the motive of private gain is destroyed there will be no driving force at the back of human life. I do not propose to enter into a discussion of this view of human nature, except to say that by far the greater part of the responsible work in industry and commerce to-day

is carried on by " bureaucrats "—that is to say, by salaried people—and not by profit-makers, and that the big figures in the economic world, the men to whom responsibility is life, would do their work at least as well for the community as for their fellow-directors or their shareholders.

The powerful movement towards Socialism will not be undermined by specious arguments and by misrepresentation. Its adherents continue to increase. The seriousness of the economic situation and the growing conviction that the problems of to-day call for courage to apply new measures, deliberately designed and consciously applied, are leading thoughtful men and women to turn their eyes to Socialism.

It is only by a bold policy of conscious reconstruction of society that progress and prosperity can be assured. The Socialist policy is an attempt at such a reconstruction. It will not be carried into effect by bureaucrats in Whitehall, sitting at the centre of a spider's web. It will be carried out, under ultimate public control, by the method and by the people best fitted for it. There is no stock pattern to be applied willy nilly to every case. Just as the forms which private enterprise has taken have varied, so the forms which public enterprise takes will vary, but the governing motive in every enterprise will be public well-being. The Labour Party looks forward to an

expanding range of public services, each pointing the way to further developments. It realises that its policy cannot be brought to fruition by the mere act of legislation. It knows that there is much dead wood to be cut away, many a ditch to be filled in, and a good deal of " Red Cross " work to be put in hand for the succour of those who have fallen by the wayside. And it appreciates that to build the new structure will call for unsparing service and infinite labour. Yet it is pledged to the task, and is confident of its ultimate success.

CHAPTER III

INTERNATIONALISM

THE international policy and outlook of the Labour Movement, like its Socialist policy and outlook, are a matter of common-sense, and seek their justification even more in practical experience than in theory. The Labour Party's internationalism is not a manifestation of anti-national sentiment. It is not a mere reaction from the excessive patriotism which finds expression in the phrase "My country, right or wrong!" As a policy its antecedents are at least as respectable as those of the flag-wagging imperialism to which it is often, but erroneously, considered to be an alternative; and its ethical sanctions are superior. Yet Labour's internationalism is perversely misrepresented by both the Conservative and the Liberal Parties as inimical to national interests. Why those who cherish the international spirit and seek to promote international co-operation should be denounced as the friends of every country but their own can be explained only as an example of muddle-headedness or of deliberate misrepre-

sentation. It is surely obvious that if the general interests of mankind are served by international co-operation on questions of scientific research, on questions affecting public health and industrial legislation, and on the problems of peace and disarmament, the interests of individual nations are also served and the benefits are shared by all. Where there is true co-operation no country gains at the expense of the rest. Where national policy aims at securing some material advantage over other countries, or seeks to exploit other countries for selfish ends, it is natural to regard with disapproval the advocates of international co-operation in that country; but it should not require much argument to prove, even to the most thoroughgoing nationalist, that self-interest itself dictates, in some matters at least, the adoption of an international policy.

Health is one such question. Bacteria do not respect frontiers. The fight against disease is international in its scope. International co-operation is essential, too, in matters of scientific research. To the making of so commonplace a thing as the almanac, with its mass of data involving astronomical observations and calculations, there goes an immense amount of co-operative work among scientists of all the civilised countries. There must be international agreement as to the use of the ether in broadcasting and in the wave-

lengths assigned to different stations. Postal arrangements between the various countries have for long been the subject of international regulation. The white slave traffic and the trade in indecent literature can only be effectively dealt with internationally. The laws regulating copyright, patent rights and certain other forms of property are no longer purely national in their scope. There is, in short, a vast amount of international regulation and control, as well as of voluntary international co-operation, which the most rabid and self-centred of nationalists would be constrained to defend, if only for the reason that they serve national interests.

More controversial, but assuredly not less easy to justify on grounds of both principle and expediency, are the developments of international co-operation in the sphere of industrial legislation. The Labour Movement whole-heartedly supports the International Labour Organisation, which was brought into existence under the Versailles Treaty, as an integral part of the machinery of the League of Nations. Labour, indeed, can claim to have had a considerable share in the making of this section of the Peace Treaty, not only in the framing of the Labour Charter, but also in the setting up of the International Labour Office at Geneva. It will not be disputed by those who know the facts that the workers' representatives

in the succession of International Labour Conferences, from the first assembly in 1919 at Washington onwards, have played an important part in the drafting of the various Conventions; and it is a matter of history that the organised Labour Movement has never ceased to exert pressure upon Governments for the ratification of these Conventions. It has yet to be shown that the capitalist parties, in so crucial a matter as legislating for an international forty-eight-hour week, accept without disabling reservations the underlying principles of the International Labour Organisation.

No such hesitancy or indifference marks the attitude of organised labour. It accepts as almost axiomatic the idea that international action is necessary to establish comparable standards of working-class life and conditions of employment as between one country and another. It uses the machinery of the International Labour Organisation with this as its fundamental aim. The organised workers have learned by bitter experience how conditions in one country affect the position of the wage-earners in other countries. Employers everywhere are prone to invoke the argument that competition from countries with a lower standard of life and inferior conditions of employment makes it impossible for them, with the best will in the world, to raise wages, shorten working hours, or improve conditions for their

own workers. Upon this argument the Conservative Party founds its defence of the Safeguarding policy. The Labour Party, on the other hand, holds strongly to the view that "safeguarding" as a means of protecting industry against unfair competition from countries with inferior social and economic standards of life is an illusory and fallacious policy. It is in no sense an effective alternative to the policy of establishing, as far as practicable, common standards for the workers in all countries by means of international labour legislation. It is only through the gradual development and effective enforcement of an international code of labour legislation that labour conditions can be removed from the arena of competition. Competition, so long as it exists, should be based on science and organisation, and not on the power of one group of employers to exploit more successfully the labour which they employ than another group of employers. International labour legislation is the counterpart to national labour legislation, which was necessary in order to impose on all employers similar minimum standards of employment. The development of the industrial system in many parts of the world has rendered necessary some machinery for establishing and enforcing comparable minimum standards in all countries.

In the sphere of international industrial legis-

lation the policy of organised Labour is demonstrably a policy which makes for social progress. It is governed by considerations of general well-being, and not of special advantage to any class or a single nation. It is a policy that aims at the good of all nations, and is not inimical to any national interest which it is desirable or necessary to conserve. The only " right " it assails is the right to exploit, to " sweat " labour, or to use the existence of sweated and exploited labour as a lever to enforce a lower standard of life and employment in countries where the social crime of sweating has been or is being legislated away. Those who oppose international regulation of labour conditions may not recognise themselves to be morally and culturally upon the same level as those who profit by free trade in obscene literature; but plainly, when hostility to international regulation serves to perpetuate low standards whose existence provides an excuse for lowering standards everywhere, the foes of internationalism are stopping social progress. They become not only enemies of every country but their own, but also do a great disservice to their own country by encouraging a policy which must lead to stabilising existing conditions, and may even lead to a progressive degradation of life for their own countrymen.

But it is not only in the sphere of labour legis-

lation that international action is necessary. The world is becoming an economic unit. The markets for the staple commodities are world markets. Large industrial, trading and financial enterprises nowadays overstep national frontiers. They are international in their scope and their operations.

When business enterprises fell for the most part within the boundaries of single States, the State was able to exercise some degree of supervision and regulation, and in most countries where industry and commerce have developed, there are more or less effective codes of law governing at least some aspects of economic life. But under modern conditions vast enterprises have arisen which cannot be regulated or supervised by any individual State. Others, again, though within the jurisdiction of a single State, exert a powerful influence far beyond the frontiers of that particular State, and their operations have profound reactions on the rest of the world.

Scientific discovery may quite suddenly endow a single country in possession of some rare metal or mineral with the power to hold the world to ransom. The possibilities of this have been dramatised for the popular imagination in the film scenario written by H. G. Wells, under the title *The King Who Was a King*, and with his uncanny prevision it becomes a propaganda of international co-operation. The rare metal in question, which

might have been the occasion for war, provides the opportunity of establishing an international trusteeship.

It is not only international combinations and the existence of monopolies in certain important products which constitute danger to the world to-day. The private trade in armaments, the floating of loans for anti-social purposes, the evils arising from concession-hunting, the investment of capital in undeveloped but populous countries to exploit the relatively inexhaustible supply of cheap, unorganised labour—all these give rise to problems of the gravest kind, and, in the interests both of peace and harmonious economic development, call for international action.

The economic growth of the world has proceeded so far that in the interests of the peoples of the world economic activities and rivalries must be controlled and regulated. The Economic Section of the League of Nations provides the nucleus of an international organisation for these purposes. It is impossible to expect that an effective machinery with adequate authority to deal with world economic problems can be established immediately. But the work which is now being undertaken by this Section of the League gives us a foundation on which to build a substantial structure.

The Labour Party believes that the Economic

Section of the League of Nations should be developed on lines broadly analogous to those of the International Labour Organisation. It holds that an Economic Council, representative of States, producers (including employers and workers), and consumers, should be established, which should consider the surveys and reports made from time to time by the Economic Secretariat and formulate policy in International Economic Conventions or by means of recommendations.

The Labour Party would welcome the development of all the constructive activities of the League of Nations, including the Health Section of the League, which is doing admirable work, unnoticed and unrecognised by the general public. It is of supreme importance that every common interest should be developed, and that the mind of the world should be directed towards its constructive tasks. The more the nations are engaged on solving their common problems, the better for the cause of peace. The true conditions of peace are not the absence of open hostilities and the mere avoidance of suspicion; they are to be found in constructive, co-operative effort among the nations devoted to making the most of the world's resources for the common good, and to eliminating the economic and social evils which afflict mankind. It is in these directions that the real spirit of peace

will manifest itself. But we need the machinery and the framework of peace.

This exists to-day in an imperfect and incomplete way in the League of Nations, and in various voluntary international associations. Organised labour has its international machinery. The International Federation of Trade Unions, to which the British Trades Union Congress is affiliated, and the Labour and Socialist International, to which the British Labour Party is affiliated, are the industrial and political expressions of international Labour, seeking to promote a common understanding and a common general policy for the Labour and Socialist Movements of the world, and to give mutual assistance on questions other than those of purely national concern. Both organisations are endeavouring to develop a world consciousness and a world policy on world problems, particularly in so far as they affect the workers in industry and the political policy of Socialism.

It is desirable to promote international organisation on a voluntary basis, but valuable as such voluntary co-operation amongst men and women with common interests may be, governmental action is essential.

In matters of international relations, therefore, the League of Nations is the pivot of Labour policy. Labour statesmen would have endowed

the League at its birth with wider powers and larger responsibilities than those conferred upon it by the Peace Conference. It has been argued by the Conservatives that the League must for long be but an embryonic organisation, which if it were overtaxed would be crushed beneath the weight of its responsibilities. But there are times when the bold course is the safest. The post-War period was one, and the greatest defect of the Peace Conference was its timidity, its failure to take the courageous line. Europe and the world have suffered because those who negotiated the Peace Treaty failed to take full advantage of the unparalleled opportunity which offered itself in the days immediately after the War to establish a permanent Temple of Peace.

Labour Governments will undoubtedly use the League machinery more resolutely and consistently than it has yet been used, not merely for the discussion of the problems of international intercourse, but for the deliberate organisation of world peace. The League, though not a perfect instrument, can be developed into an effective organisation for securing peace and disarmament. It is, indeed, the prime purpose of the League of Nations to organise the world for peace, to find a method of settling international differences without recourse to war, and to lift from the nations the oppressive burden of competitive

expenditure on armaments. Here, if anywhere, internationalism will find its supreme justification as a political principle. The real test of the statesmanship which finds expression through the instrumentalities of the League, will be, and must be, its success in organising the world on a peace basis.

The Labour Government of 1924 bent its energies towards this end. At the London Conference it secured the settlement of the Reparations problem and the application of arbitration to future disputes regarding reparations. It abandoned the provocative and scandalously wasteful plan for a naval base at Singapore. It took steps to bring the Government of Russia into normal relations with other nations. It pledged itself not to undertake any international obligations, whether by treaty or otherwise, without the previous consent of the House of Commons. It proved its faith in internationalism by steadfastly pursuing its policy of peace and co-operation. Its greatest contribution was its plan for the settlement of all international disputes by arbitration, and, had not its policy been destroyed by the Conservative Government which succeeded it, a world conference for making a treaty of international disarmament would have met in 1925. Whatever critics of the Labour Party may say, none can impugn its earnest desire for peace, arbitration

and disarmament, or deny its success in bringing into the conduct of international affairs a spirit of reconciliation.

The organisation of the world for peace means more than the renunciation of war as an instrument of national policy. It means more than the signing of a pact for the outlawry of war. It involves even more than the acceptance of the principle of arbitration in international disputes, with its corollary of concerted and progressive disarmament. These are factors of the highest importance—but they do not exhaust the possibilities of international co-operation for the advancement of civilisation. Labour regards as of great potential value in world organisation the principle of the mandate as applied to indigenous races and the undeveloped or backward areas of the earth, and is pledged to co-operate with the Mandates Commission of the League and to strengthen and extend its authority, because it embodies in a practical form the conception of trusteeship for civilisation. It is part of the task of the League to assist native races towards self-government and to safeguard their economic interests.

The British Labour Movement makes no apology for its internationalism. It is implacably opposed to military megalomania and aggressive nationalism, both of which are the embodiment of individualism in the world of nations. Against

this it advances the view that the vital interests of the world, whether economic or political, are the common interests of all peoples. This is the application of the Socialist principle to international affairs.

PART II

SOCIAL POLICY

CHAPTER IV

THE HEALTH OF THE PEOPLE

THE Labour Party is more concerned with people than with traditions and institutions, and it is its policy to ensure that every man, woman and child shall receive full opportunity for personal development. The young must be cared for, the mothers carefully tended, the sick properly treated, the aged provided for, the unemployed maintained, and the family decently housed. These are essentials of civilised life.

In a great country such as ours the ill-fed and ill-clad child should be unknown. The people should be housed in a manner worthy of a great nation. Men, women and children should not be allowed to suffer from preventable diseases. The death or incapacity of the breadwinner should not be permitted to drag down his family into the vortex of destitution.

We are, unfortunately, far from having established a decent human order which as a matter of course sees that elementary human needs are satisfied. We know that there are large numbers of badly fed, badly clad and badly shod children in the country. We know that the lives of large numbers of citizens are shortened and that unhappiness is brought to their homes by diseases which medical men assure us are preventable. We know also that there are slums in practically every city, where under conditions of gross overcrowding and discomfort, deprived of fresh air and sunshine, citizens of the greatest empire in the world live out their lives under revolting circumstances.

It is, of course, true that considerable strides have been made in grappling with the graver social problems. But it is also true that successive Liberal and Conservative Governments have left the present generation with a heavy burden of social evils. Preventable diseases, for example, still take their toll of life and vigour, causing unnecessary suffering, lowering the physical stamina of the people, undermining their efficiency, and imposing a serious financial and social burden on the community.

The child born into the poor home runs far graver risks of death before it is twelve months old than does the infant in the well-to-do family.

The mother in Middlesbrough runs three times as big a risk of losing her infant as the mother in Canterbury. To the infant in Burnley the chances of death are twice as great as if it were fortunate enough first to see the light in Battersea. Clearly, there is something seriously wrong with a state of affairs in which the infant death-rate varies so considerably.

Maternal mortality presents a serious problem. There is no tendency for it to decline. About 3,000 women lose their lives in England and Wales every year from causes connected with pregnancy. One out of every 250 births results in the death of the mother. This is a mortality rate which shows that motherhood is the most dangerous of all occupations. Where the mother survives she may suffer permanent injury and disability.

If children make a bad start in life—and where there is a high infant death-rate, there is a high " damage " rate amongst the survivors—and they live in a social environment which is unhealthy, the toll of disease and death is appalling. One out of every six deaths is of a child under five. Two out of every five deaths are of people under fifty. The tragedy is that the conditions which lay many low leave their marks on many more in the shape of disease, disability and lowered vitality.

Though efforts are being made to care for expect-

ant mothers and young children, and though the school medical service has excellent results to its credit, the provision which is made does not eliminate the disease and disability sown in infancy, nor can they counteract the effects of bad housing, overcrowding and a smoke-laden atmosphere. And the school medical officer hands over lads and girls of fourteen to the labour market with the knowledge that they are in very many cases " damaged goods."

In industrial employment, quite apart from the risk of accidents, there is a terrifying range of " industrial diseases " peculiar to particular occupations. But leaving these aside, conditions of employment are only too often of a kind which impair the health of the worker, and the seeds of disease implanted during earlier years may yield a poisonous fruit during the years of wage-earning employment.

How large is the mass of disease and disablement amongst the workers in industry is indicated in the returns of the Insurance Scheme. In 1927 we are told that " in England and Wales there was lost to the nation in the year, among the insured population only and excluding the loss due to sickness for which sickness or disablement benefit is not payable, a total of 30½ million weeks work (586,540 years), or the equivalent of twelve months' work of nearly 590,000 persons. More-

over, it must be remembered that it is not only the working equivalent of nearly 590,000 persons that was involved, but also the labour and expense entailed in their care during their incapacitation."*

What this dead weight of disease involves in suffering, in the drafts it makes on the nation's vitality, and in care and worry in the working-class household, cannot be estimated.

It is worth emphasising the loss which disease and disability inflict on the nation. It is a measure of the problem which faces the community to-day. On economic grounds alone, in view of the appalling waste of resources in which preventable disease involves the country, there is an overwhelming case for a bold public health policy. It is a truism that prevention is better than cure, and the prevention of disease must be the basis of a true health policy. The keynote of the Labour Party's social policy is the prevention of national evils. It would organise its resources to prevent destitution, to prevent unemployment, and to prevent war. In the realm of public health, its policy is one of eliminating the conditions which create disease and disability.

It looks to the socialised services conducted by the local authorities to provide an adequate and

* *On the State of the Public Health.* Annual Report of the Chief Medical Officer of the Ministry of Health for the year, 1927, p. 15.

pure water supply, proper sanitation, an effective sewage system, and efficient street cleansing. It looks to the scientific treatment of coal under a publicly organised industry to rid the skies of the pall of smoke, which screens the health-giving rays of the sun from our towns. The Labour Party cannot rest content until the whole people are housed in healthy homes, and until the school, the factory and the workshop are places where health and strength can be fully maintained.

The first essential, in other words, is to create a healthy environment and healthy conditions of life, so that essential human needs may be satisfied. Housing and town-planning, nursery schools and open-air schools, holiday homes and camps, carried out on an adequate scale, would strike at the roots of preventable disease and would raise the standard of physical efficiency amongst the whole people.

But the Labour Party realises that it will take time to apply this constructive policy to the full; and in any event, certain sections of the community need special care. It would, therefore, welcome a large extension of the provision which is now made under the Maternity and Child Welfare Act. The number of maternity and infant welfare centres now at work is inadequate, and the service which they provide is too limited. It is of fundamental importance that the expectant

mother and the nursing mother should not lack anything which is essential to the welfare of either mother or infant.

Much better provision needs to be made for the mother than is now obtainable under the National Health Insurance Act, and an extension of the scheme is desirable in the direction of larger maternity benefits payable over a longer period. There is great need also of more maternity homes and hospitals, as part of the service provided by the local health authority.

Watchful care in infancy and early life is vital if the health of the people is to be safeguarded. Sir George Newman, the Chief Medical Officer of the Ministry of Health, has drawn attention to " the serious degree of physical defect " amongst working-class children when they are first admitted to the public elementary school. These pre-school years are the time when disease in after-life establishes itself. Many childish defects are perhaps not serious in themselves, but they are the precursors of grave trouble in later years. Many of the afflictions of child life are, fortunately, preventable, or, at any rate, curable in their early stages. After caring for the mother, the next step is to care for the immature child and to prevent—or cure—disease or disability in its earliest stages. Hence the need for infant welfare centres and for nursery schools, with medical supervision and nursing skill.

In the publicly provided schools to which the vast majority of children pass, there is now a medical service which has proved beyond all doubt the value of this form of collective provision. Unfortunately, however, the number of open-air schools is grossly inadequate, whilst the number of special schools for defective children is nothing less than a national scandal.

Under a properly organised system, all schools would be open-air schools. But, at any rate, it is vital that the number of such schools should be sufficient to meet the demand made for accommodation of this kind by school medical officers. Unfortunately, we are far from being well enough supplied in this respect. Nor are we adequately supplied with schools for children who are physically and mentally defective, and whose condition calls for special care and treatment.

With the necessary provision of open-air and special schools, and with an effective school medical service, ensuring early remedial treatment for all children who need it, together with prenatal and infant care, the juvenile population would march from school to the labour market with reserves of health and strength, and with the physical vigour necessary for efficient service in wage-earning life.

But the gap between school life and entry into the national health insurance scheme must be closed. Under present conditions the boy or girl

who leaves school at fourteen loses contact with the public health services for a couple of years. The only exception—and it amounts in practice to very little—is where boys and girls enter factory employment, and before employment are examined by the certifying factory surgeon. The Labour Party desires to raise the school-leaving age, and to make entry into the health insurance scheme coincident with the school-leaving age. It is also desirable that the school medical officer, who is familiar with the scholar's health record during the whole of his school life, should be the certifying factory surgeon, and continue his supervision, at any rate so far as the young worker's industrial life is concerned.

It is a definite part of the policy of the Labour Party to improve the hygienic conditions of employment, to take every possible step to create a healthy working environment, and to eradicate or minimise industrial diseases. It would also encourage the improvement of methods and machinery so as to relieve the worker of unnecessary strain and expenditure of energy. In a later chapter I deal with the health insurance scheme, and it is not necessary to dwell on this aspect of the question at this stage in any detail. But it must be emphasised that the magnitude of the problem with which the national scheme of health insurance has to deal is the product of our neglect

to promote an active public health policy directed to creating a healthy environment and healthy mode of life, and to the earliest possible treatment of incipient disease and disability.

Besides its work in the sphere of sanitation, sewerage, the provision of open spaces and public recreation grounds, housing and town planning, maternity and child welfare provision, maternity homes, nursery schools and the school medical service, the local authority has responsibilities for the care of the tuberculous and the mentally deficient, and for the treatment of venereal disease and infectious diseases. There are still large tasks awaiting the public health service in these directions, but again, prevention is better than cure.

Every local authority ought to be equipped with public hospitals. The abolition of the Boards of Guardians and the transfer of the Poor Law hospitals to county and county borough councils will enable local authorities to make the fullest use of the available accommodation, but more hospital provision is needed, and should be under public auspices. Whether the State or groups of local authorities, or local authorities singly, will conduct the hospitals depends on the character of these institutions and the purpose they are designed to serve.

The Labour Party anticipates that as the public health service develops its many-sided activities,

on both preventive and remedial lines, it will also develop in co-operation with the State itself, with the Universities and with the Health Section of the League of Nations, a system of co-ordinated research into the problems of health. The Labour Party would willingly devote State funds to the encouragement and assistance of research into the many baffling health problems which still await solution. Such expenditure would be abundantly justified, as indeed would be any expenditure devoted to stamping out preventable disease and raising the standard of physical fitness amongst our people.

The public health problem touches many aspects of Labour policy and a Labour Government would use to the full its opportunities for establishing the conditions of a healthy life for every man, woman and child.

CHAPTER V

THE HOUSING OF THE PEOPLE

THE homes of England have a very close bearing on the question of the health of the people. But the homes of our land are also the nursery of national character. There is, therefore, no more important aspect of public policy than the housing of the people.

Shelter is an elementary human need in this country; and all but the flotsam and jetsam of society have shelter of a sort, though much of it falls far below any reasonable human standard. It would be difficult to ascertain the average age of the houses in this country. But in the country districts a large number of cottages have sheltered generations of agricultural workers. They have stood silently watching the great economic changes of the past century and a half. They themselves have remained virtually unchanged, and therein lies one of our problems. A considerable proportion of them are far from conforming to modern requirements. In the industrial areas there are compact masses of workers' cottages

which owe their origin to the rapid developments of the early nineteenth century and the urbanisation of industry. These houses, again, though they may have fulfilled the standards of an earlier day, do not satisfy modern needs. A large number of working-class houses belong to a later generation, which, though more enlightened than its predecessors, had limited ideas of the housing needs of the working-class family and was handicapped by the accepted standards of the time. In every town there is, moreover, a rookery of huddled dilapidated houses which are disgracefully overcrowded. Only a minority of the people of the country live in houses of which we need not be ashamed.

The housing of the people is a complex problem. We have, in the first place, streets upon streets of houses which are weather-proof, but which are drab, ugly and congested. In many cases their capacity is over-taxed. Almost all of them are inconveniently arranged, ill-equipped and even primitive in the provision they make. There are, again, the black spots where often enough the houses were condemned years ago as unfit for human habitation, and which to their defects add the evil of overcrowding. Broadly speaking, a majority of the people live in houses which are unworthy of a great nation, a large number live under conditions which, judged by any reasonable

standard, are a disgrace to humanity, many of them living herded together in a state of overcrowding of the most deplorable kind.

To take the worst set of cases. What of the thousands of families, each of which has to exist in a single room, in which is carried on the whole domestic business of the household—cooking, baking, washing, eating and sleeping, where the infant is born and a child or parent dies? Personal cleanliness, comfort and privacy are impossible. When, as does actually occur, two families share a single room, life becomes more intolerable than ever. Nor is the situation substantially better where the parents and children endeavour to exist in a couple of rooms.

If, as is too often the case, the miserable shelter is open to the winds of heaven, if the water drops into the home, if air and sunlight are excluded, and if the forlorn family sinks hopelessly into its filth, the conditions of life are indescribable. London, the greatest city in the world, and the heart of the world's greatest Empire, nurtures thousands of its citizens in noisome, festering rookeries which breed disease, and starve body, mind and soul. The slums of the towns and the country villages—for almost every village has its black spot—represent the worst housing conditions. Some of the post-war municipal houses register the high-water mark of working-class

housing. In between the two there is a wide field where the houses are in varying degrees unsatisfactory; many fringe upon the slums, many are moderately satisfactory, but enormous numbers are seriously defective.

There is therefore a great work lying before us, if we believe that the homes of the people are the foundation of the nation. The problem has been intensified by the mere passage of time. Deterioration and decay have proceeded for a century and more, and successive Conservative and Liberal Governments have failed to cope with the question. Unaided private enterprise in the century before the War failed to provide sufficient homes, and its output failed to stand the test of modern requirements. The problem was created long ago, accentuated by the cessation of building during the war period, and intensified by heavy building costs in the early post-war period. The outstanding fact—and one which is being more fully recognised to-day than ever before—is that the wages of the workers have never been sufficient to enable them to occupy the houses which the enlightened public opinion of the time regarded as reasonably fit for civilised life. This is the bald fact. The nation has not been able to escape the consequences of rearing generations of citizens incapable of housing themselves in decency and comfort. It is utterly impossible

for a nation to evade its responsibilities. The evils that it permits to exist levy a frightful toll. The poverty of the people and their submission to bad housing conditions have left their mark on the national life in disease and impaired vitality and premature death, in further impoverishment of mind and spirit and in lack of a sense of citizenship.

Large numbers of families have been able to provide themselves with a home of their own from which they cannot be evicted. There is no violation of Socialist principles in families owning the houses in which they live. A man's house, like his clothes, his furniture, his pipe, is a personal possession. But there are also large numbers of people who are unable, or for various reasons do not desire, to own their own habitation. The Conservative Party cherishes the hope that the responsibility for housing these people can safely be restored to the speculative builder. Mr. Chamberlain said on August 4th, 1926, that it was the general policy of the Tory Government to end the subsidies under the Acts of 1923 and 1924 as soon as practicable, and steps have been taken by Mr. Chamberlain towards this end.

Laissez-faire did not solve the housing problem in the nineteenth century, and there is no reason to believe that it can in the twentieth. Indeed, it is more certain than ever, in existing circum-

stances, that the housing of the people must become primarily a matter for public authorities and public utility societies.

It was recognised, before the Great War came to an end, that this grave question could not be relegated to private enterprise. The first post-war scheme, organised by Dr. Addison and destroyed by Mr. Lloyd George at a time when the difficulties of the shortage of labour and materials were being overcome, made its contribution to the nation not only in adding well over 200,000 new houses to the housing accommodation of England and Wales, but also in the establishment of a higher standard of housing. But these houses were for the most part too costly for occupation by the manual workers.

Mr. Neville Chamberlain's scheme, passed into law in 1923, was designed to stimulate private enterprise. For each new house built, a subsidy of £6 per year for twenty years was payable. This plan in practice proved to be primarily one for the erection of houses to sell to those who were able to purchase their homes.

The Labour Government's Housing (Financial Provisions) Act of 1924, known as the Wheatley Act, was deliberately framed to encourage local authorities to build houses to let at rents which working people could reasonably pay. The State subsidy was increased to £9 per year per house for

forty years, with an annual contribution from the local authority of £4 10*s*. per year for the same period. In the case of houses in agricultural parishes an additional subsidy was given, making the Government contribution £12 10*s*. per year per house for forty years.

In order to ensure that houses should be built as rapidly as possible, an understanding was reached under which the Building Trades Unions agreed to augment the supply of skilled labour in the industry, and the building industry undertook to complete a minimum number of houses each year. The general plan was to complete 2,500,000 houses in fifteen years. The schedule was as follows :

1925	90,000
1926	100,000
1927	110,000
1928	120,000
1929	135,000
1930	150,000
1931	170,000
1932	190,000
1933	210,000
1934 to 1939 . . .	225,000 per year.

But in addition to an increased subsidy and an organised scheme for the recruitment of the necessary skilled labour, and a definite annual programme, the Labour Government introduced its Building Materials (Supply and Charges) Bill, the object of which was to prevent profiteering in

the many different materials and commodities which go to the building of houses. The Bill, however, never reached the Statute Book, owing to the defeat of the Labour administration. Had it been passed into law, it would, together with the other measures of the Government, have succeeded in providing houses at reasonable rents.

The Bill of 1924, when it was introduced, provided for a revision of the subsidy after each three-yearly period. The Liberal Party was so misguided as to move an amendment to secure that a revision of the subsidy might be made after each two years. With the help of the Conservatives, this amendment was carried, and the Liberal Party have only themselves to thank for the collapse of house-building after 1927.

No doubt Mr. Chamberlain would have been glad to reduce the subsidy on the expiration of two years. But he was brought to realise that he could not reduce it until *after* the two years had expired, so that the original subsidy continued for more than two years. On October 1st, 1927, however, the subsidy for both Chamberlain and Wheatley houses was reduced. The grant to houses built under the Chamberlain scheme was reduced from £6 a year per house for twenty years to £4. The capital value of the original subsidy was about £75, and under the revised scheme £50. In other words, Mr. Chamberlain cut down the subsidy by the equivalent of £25 per house. A

similar reduction took place in the amount of State assistance given to Wheatley houses. The Government contribution of £9 was reduced to £7 10*s*., and the maximum contribution of local authorities from £4 10*s*. to £3 15*s*., whilst the State assistance in respect of agricultural cottages was brought down from £12 10*s*. per house to £11.

The reason submitted by the Government in support of this step was inflated prices, and it was suggested that a curtailment of the financial assistance given by the State would result in lower prices for houses and an increased supply.

It is important to observe what happened. In the first place, those who were engaged in building assisted houses pushed on with their programmes in order to complete as many houses as possible before the subsidy was cut down, and therefore output was abnormally increased, but this does not explain away the catastrophic fall in house-building which followed the operation of the smaller subsidy. The following table shows the number of houses built during the year prior to the reduction of the subsidy, and the number built in the succeeding twelve months:

	Houses Built.
Before subsidy reduction. Year ending September 30th, 1927 . . .	212,389
After subsidy reduction. Year ending September 30th, 1928 . . .	101,761
Decrease	110,628

The effect on house-building of Mr. Chamberlain's reduced subsidy may be seen from the table below, which shows the number of houses under construction at the end of each month by local authorities in England and Wales under the Act of 1924 :—

End of	*Before Subsidy Reduction.*	*After Subsidy Reduction.*	
	1926.	*1927.*	*1928.*
October . .	49,279	30,714	28,800
November . .	49,442	30,643	28,081
December . .	49,587	30,022	27,844
	1927.	*1928.*	*1929.*
January . .	50,435	29,970	26,946
February . .	52,052	29,747	26,910
March . .	55,425	29,773	27,089
April . . .	61,775	31,505	
May . . .	64,243	32,244	
June . . .	63,526	31,503	
July . . .	60,279	30,601	
August . .	53,752	30,151	
September . .	31,893 *	28,837	

* Subsidy reduction in full force at end of September, 1927. Similar building reductions took place in other house-building under the 1923 and 1924 Acts.

House-building, it will be seen, has never recovered from the effects of Mr. Chamberlain's ill-advised step. It is not only that the output of badly needed houses has been slowed down. After the building trades operatives had increased their personnel in order to cope with the scheduled

programme of building, unemployment reared its head and assumed serious proportions.

The Conservative Minister of Health expressed great satisfaction at the fall in the cost of house-building, which he alleged was due to his curtailment of the subsidy. Even if it were true that by his action he had succeeded in cheapening housing costs, his primary duty was the building of sufficient new houses to satisfy the nation's needs. If he has reduced costs, he has also reduced house-building and intensified the problem of unemployment in an industry where there should not be an idle man. Notwithstanding the shrinkage in house-building which followed hard upon the introduction of a lower subsidy, and the failure to reach anything like the possible output of houses, Mr. Chamberlain and his colleagues decided on a further reduction of the subsidy, to take effect on October 1st, 1929. The subsidy in Scotland, hitherto left at the original level, will also be reduced. In England and Wales the Chamberlain subsidy will be completely abolished, whilst the Wheatley subsidy will be further reduced from £7 10*s*. to £6, and in the case of houses built in agricultural parishes from £11 to £9 10*s*.

But Mr. Chamberlain cannot even be given credit for using his financial power to force down prices. The great increase in house-building

following the inauguration of the Labour Government's scheme led to improved methods and greater economy in material and labour, and therefore to an appreciable lowering of costs of production. Moreover, the size of the houses built has decreased, and in many places the quality of the houses built has been lowered. As the organised employers stated in their organ, "There has been a tendency during this period towards catering more closely for the needs of the lower-paid operatives, and therefore there has been exercised very strict economy in the standard of house to be built; indeed, every economy has been made that it is reasonably possible to conceive." *

In addition, the wages of building trade workers were reduced by ½*d.* per hour from February 1st, 1928, an amount equivalent to a 5 per cent. reduction of labour costs. Again, since 1926 the prices of building materials generally have fallen. In 1926 the cost of house-building, as *The Times* pointed out, rose, "chiefly as the result of the advance in prices of builders' materials caused by the stoppage in the coal industry." † It will be clear, therefore, that the fall in housing costs can be fully explained by factors quite unconnected with the reduction of the subsidy. Finally, it is

* *National Builder*, December, 1928.

† *The Times*, January 12th, 1927.

significant to observe that, though there has been no reduction in the State subsidy in Scotland, housing costs have fallen in Scotland quite as much as elsewhere in Great Britain.

The serious reduction in house-building which followed the disastrous cut in the subsidy, the Tory Government's deliberate decision to cut public subsidies still further, in spite of the calamitous effects of their first folly, and the futile Housing (Rural Workers) Act which put public money at the disposal of private house-owners for the reconditioning of the cottages which they owned, provide a record which cannot be wiped out by extravagant claims as to the total number of houses built from 1924 to 1929. The substantial number of houses built was due primarily to the spade-work of the Labour Government in 1924. Increased building became possible because of the increased subsidy and the augmentation of the labour supply, and the number of houses erected would have been much larger but for the restriction of building consequent on diminished State aid. Moreover, the total of 800,000 houses on which the Tory Government of 1924 to 1929 prided itself includes all the non-subsidy houses for which it was in no way responsible.

The serious falling off in house-building, the vital need for a continuance of building on a

large scale, and the imperative necessity of a comprehensive scheme of slum clearance demand a bold national policy, and a determined attempt to provide for every family a dwelling worthy to become a home. There can be no doubt, in the minds of those who have studied the question of housing, that its solution cannot be left to the private builder and the speculator.

The Labour Party is determined that every individual and every family shall have opportunities for living a decent, self-respecting life. And whatever it may cost in social effort and expenditure, it will not rest until the homes of the people are worthy of a civilised nation.

It is almost impossible to estimate with any precision how many houses are needed. Everything depends on the standard of housing which is deemed to be essential. In 1919 a Government inquiry revealed a shortage of well over 900,000 working-class houses in Great Britain. But the officers of local authorities who provided the statistics have different views on housing needs. It is, however, generally admitted that we need an annual output of about 100,000 houses to make good wear and tear and to provide for a growing population. Consequently, to meet a shortage at the end of the war of something approaching a million houses, and to provide an additional 100,000 a year since the Armistice, we ought by

the end of 1928 to have built two million houses. But only about 1,300,000 were erected, so that there still remained a shortage of 700,000 houses. As, however, a considerable number of the houses built—both subsidised and non-subsidised—are not occupied by working-class tenants, it is probable that the shortage of working-class houses was at the end of 1928 little less than it was when the Great War terminated. It is, moreover, to be remembered that year by year the older houses become more and more unfit for human habitation, and as the standard of human conditions rises, less and less acceptable as homes for the people.

Under these circumstances, and having regard to the need for a progressive development of housing standards, the Labour Party regards the fulfilment of its programme of two and a half million houses by 1939 as essential. It sees no reason why the building industry should not be fully employed for very many years to come in providing healthy, comfortable, and labour-saving houses for the workers and—what is consequential on large-scale house-building—in the erection of schools and other public buildings, and of the varied kinds of structures which are essential in a modern community.

The Labour Party will, therefore, at whatever cost, pursue its considered policy of house-building, with assistance from public funds. It

will fully honour the pledge which, during the régime of the Labour Government, Parliament gave both the public and the building industry.

Labour looks to local authorities to continue the building work which they have already well begun. They co-operated splendidly in the Addison scheme, during extraordinarily difficult times; and they utilised the Chamberlain scheme until the Wheatley scheme came into operation. The number of houses built by local authorities under the Acts of 1923 and 1924, up to April 1st, 1929, is as follows :—

	Act of 1923.	*Act of 1924.*
Completed	68,296	229,170
Under construction . .	3,194	27,089

As the efforts of private enterprise have slackened off, local authorities' schemes under the Act of 1924 have developed, at least until the deplorable reduction of the subsidy in October 1927. Up to April 1st, 1929, private enterprise (which has chiefly operated the Act of 1923) had built, under the Acts of 1923 and 1924, 306,510 houses (almost entirely for sale), whilst local authorities had completed 297,466 houses (practically all to let). On April 1st, 1929, local authorities had in course of erection 30,283 houses, whilst private enterprise had only 25,261 subsidy houses under construction.

It is clear, therefore, that it is the public

authorities which are making the chief contribution to working-class housing, and it is vital that their efforts should be continued and extended. Following upon the provision of alternative accommodation, there would be a complete destruction of the slums.

Slum-clearance schemes, moreover, must be considered as part of the wider question of town-planning, and the replanning of built-up areas, so that the best available use may be made of urban sites. The problem of planning, however, goes far beyond the wise planning of urban areas. Planning under modern conditions must be on regional lines. The spread of population and of industry, the increased use of the roads, and the dangers of haphazard growth, such as is already manifest in the " ribbon " growth along the new arterial roads, call for foresight and bold handling by the joint action of the various local authorities concerned. Regional planning and town-planning represent a deliberate attempt on the part of the community to control the development of building and the use of sites. The Labour Party deems such social control of the environment to be essential in the public interest. Only by organised planning by regional authorities is it possible to combine the preservation of natural beauty with social amenities and the maximum of economic convenience.

CHAPTER VI

THE EDUCATION OF THE PEOPLE

EDUCATION has been defined as "conscious evolution," as a deliberate process by means of which the individual strives to develop his powers, and the community endeavours to provide the opportunities and conditions of such development. It is therefore a far-reaching process, and covers, indeed, the entire field of social policy. The whole aim of the Labour Party's proposals in the realm of housing, town-planning, public health, industrial conditions and industrial reorganisation is the provision of the necessary conditions for personal development and public service.

But besides these wider aspects of the problem, and the need for a healthy, vigorous and inspiring environment in which individuals can thrive, there is the question of the provision of educational institutions and a school system. It is not an exaggeration to say that no political party gives such prominence to the problem of education in its declarations of policy as the Labour Party.

From its earliest days the organised working-

class movement has been identified with the public agitation for better education. The pioneers of Trade Unionism in the 'sixties of last century played a prominent part in the campaign which produced the State system of elementary education. Some of the earliest organisations for the promotion of technical education were established by the Trade Unions. The Amalgamated Society of Carpenters and Joiners, under the influence of Robert Applegarth, as long ago as 1868, undertook to provide for the education of its members. Trade Unions sent delegates also to the meeting which brought into existence in 1869 the National Education League, to which many distinguished men in public life gave their support. The Trades Union Congress, which had then only just come into existence, had proclaimed itself in favour of compulsory and unsectarian education. It was from the National Education League, on which working men, the recognised leaders of Trade Unionism like George Odger, George Howell and Daniel Giles, worked side by side with the representatives of the educated classes, that the Bill embodying the principles of free, compulsory and unsectarian education as a State system was drawn up on the motion of Professor Fawcett, and these Trade Union leaders never lost an opportunity of advocating the cause.

Throughout its existence the organised Labour

Movement has placed an ever-increasing emphasis upon education as a primary social need and social obligation. In recent years the spokesmen of Labour have been foremost in insisting that economy in expenditure upon education is one of the most disastrous forms of waste. Labour in Parliament and on the platform resisted the economies with which the name of Geddes was associated in post-war years, and which were aimed at shortening the period of school life, increasing the size of classes, raising secondary school fees, reducing the number of free places, scaling down teachers' salaries and in other ways setting back the clock, with the object of reducing expenditure on education.

There is no more discreditable chapter in the record of the Conservative Government than that which describes the reversal of the Labour Government's policy in the development of education during its few short months of office, and its unsuccessful attempt to fasten a block grant system on the local education authorities. The parsimony, the downright meanness, and the starvation of education, which characterised the years immediately preceding the advent of the Labour Government, returned when the Board of Education once more came under the baleful influence of so-called " economy " at the beginning of 1925. The Tory Government systematically impeded the

activities of local education authorities, and compelled them to submit to limiting standards arbitrarily imposed by the President of the Board of Education. Necessary extensions of educational activity on the part of local authorities, and the adoption of measures which would enable school children to get the utmost value from their schooling, including the feeding of school children, the building of nursery schools, the replacement of long-condemned elementary schools, the reduction of the size of classes, the multiplication of secondary schools, were checked. This was the price the country had to pay in matters of education during the existence of the Conservative Government.

To this policy of grudging recognition and short-sighted economy Labour opposes its carefully planned and fruitful policy of developing and enriching the mind of the rising generation by every means in its power. A Labour Government would no more dream of economising nationa expenditure by stinting the children, than it would conceive it possible to favour the rich at the expense of the poor in matters of taxation. Educational progress has been interrupted since the Labour Government was in office in 1924, but if there is one thing that can be said with absolute certainty regarding the policy of the next Labour Government, it is that it will abandon the niggardly and reactionary policy of the Tory Government.

Labour and the Nation declares that the Labour Party would, " if returned to power, consign to the appropriate refuse-heap the policy of paralysing education by financial parsimony." It would, the programme continues, " encourage local education authorities to resume the course of educational progress interrupted since 1924," and would " secure the financial assistance needed for the indispensable reforms which many authorities are eager to undertake." *

The educational ideal of the Labour Movement is the establishment of a national system of education based on the two complementary principles of complete social equality, and of differentiating types of education adapted to wide individual differences of capacity and character. Labour conceives this national system of education as a single and continuous whole, planned from the nursery school to the University, with the single object of making the most of the nation's most precious resources, the natural endowment and quality of its children.

At the present time no such national system exists. We have two parallel systems, which are differentiated on social and economic lines. The vast majority of children receive merely the rudiments of education, whilst the more fortunate children of the well-to-do obtain as a matter of

* *Labour and the Nation*, p. 36.

course the advantages of secondary and higher education, not because they are necessarily better qualified to benefit by it, but because their parents can afford to give them those benefits.

Equality of opportunity is a governing principle of Labour's educational policy. It must be applied rigorously, beginning with the physical care and well-being of the children. It is here that educational policy touches social policy. Poverty, bad housing, disease, demoralising surroundings—all these must, so far as is humanly possible, be eliminated. The child must breathe the invigorating atmosphere of a healthy environment. But besides providing the conditions necessary for human growth, the community, through the local education authority, must take special steps to safeguard its young life.

" Since the aim of education is to assist growth, its first care must be the physical well-being of the children. With a view to securing more adequate care for their health and nurture, the Labour Party will not only extend the public health system . . . . , but will take steps to see that the required number of open-air nursery schools is established in all urban areas. It will strengthen and extend the school medical service and the provision of meals for school children, and will encourage the erection of open-air schools, of which the few already established have been of

incalculable value to the health of the children, and of special schools for those physically and mentally deficient children whose needs demand special treatment." * This quotation from the political programme of the Labour Party illustrates the emphasis which it places on the wider aspects of the educational service and its insistence on physical development as an integral part of the process of education. Not until the influence of organised Labour became an important factor in the framing of legislation was there any attempt to link up educational policy with the social services. For many years after the passage of the Education Act of 1870 popular education meant " schooling " and nothing more. It was narrow in scope, but the effects of evil social conditions and of social neglect could not be ignored, and the School Boards found themselves initiating or supporting the provision of school meals and clothing. The glaring need for medical supervision and care could not be overlooked. Hence it was that, shortly after the passage of the Education Act, 1902, legislation was placed on the Statute Book which established the school medical service and made provision for meals for necessitous children. These were significant developments, for they recognised that the child had a body to be cared for as well as a mind to be trained.

It is in furtherance of its social conception of

* *Labour and the Nation*, p. 37.

education that the Labour Party lays stress in its programme on the development of the open-air system, the pioneer and prophet of which is Margaret McMillan, who is a Socialist and an ardent supporter of the Labour Party. It is not a system to be confined merely to ailing and defective children. The essence of the open-air system is that it is applicable to all schools. Our educational fabrics will not be satisfactory until they let in sunshine, light and air.

The country is to-day encumbered with unsuitable, unsightly and unhealthy school buildings. These huge, ugly structures symbolise the conception of education which we have outgrown. Badly planned, ill equipped, and unattractive in themselves, they represent the application of the principles of mass production to education at a time when education meant a crudely utilitarian concentration upon the teaching of the three R's, and very little more. Modern elementary school buildings, though they still fall far short of the ideal, represent an enormous advance upon the depressing barrack-like factories of the School Board era. They have more light, air and space, and the Labour Party will hasten the process of still further improving school buildings, developing their amenities, widening the range of their activities and assisting in the organisation of the schools as community centres of juvenile life.

The schools, and the communal life of the schools, at certain stages in the development of the child, count for almost as much as the home itself. As a matter of conscious purpose and deliberate intention, the Labour Party will foster and expand all the educational agencies which exist within, or can be connected with the schools, including the use of the cinema and broadcasting, the improvement of school libraries, and the organised use of art galleries, museums, public parks, swimming-baths and school camps. It is the business of local education authorities to focus every valuable social influence on to the life of the child. Progress in this direction is not merely practicable, but necessary. It is on these lines, and by these means, that an efficient and fruitful system of education can be brought into being.

The Labour Party refuses to admit that the provision made in elementary schools, the character of the accommodation and the amenities, should be in any way inferior to those in well-organised and well-equipped secondary schools. Methods and arrangements that would not be accepted in secondary schools should have no place in the primary schools. Large classes, for example, which are still tolerated in elementary schools, do not obtain in secondary schools, and ought not to be permitted in primary schools. It is foolish to expend large sums on fabrics, organisation and equipment, and to

nullify the effects of the expenditure by presenting the teacher with an impossible task. Opportunities for personal attention, individual study, active co-operation between pupil and teacher, and genuinely effective work in developing the abilities of each pupil cannot possibly be attempted in classes with fifty-five and sixty, or even more, children. Hence it is that the Labour Party stands for smaller classes as a necessary condition of effective teaching and real education.

In recent years there has been a welcome reduction in the size of classes in our public elementary schools, but even to-day large and unwieldy classes are the rule rather than the exception. When the Labour Government was in office in 1924 a definite step forward was taken to deal with the problem of large classes and with the question of the supply of teachers.

Smaller classes and more effective methods of teaching, better-equipped schools, and an adequate supply of well-trained and enthusiastic teachers, are not the only factors in Labour's education policy. It also aims at securing a longer school life for every child. The school-leaving age must be raised to fifteen, and ultimately to sixteen, with the provision of the necessary maintenance allowances. This step, which is desirable on its merits, would incidentally help to relieve the unemployment problem. But it is not proposed that the already-

too-long period of elementary education should be extended by a further period. A Labour Government would reorganise the school life so as to provide a four or five years' secondary education for all children. It is the gravest defect of our present educational system that for the majority of children education itself ceases, in any formal sense, precisely at that stage of their development when its discipline and its influence are most needed—that is to say, at the stage when adolescence begins, and those deep-seated and subtle changes, physical, mental and spiritual, which accompany adolescence are taking place. To this stage of human growth far too little attention has been paid, and our existing educational system short-sightedly ignores its significance.

Education for the adolescent must be of a different character from that provided for the earlier stages of a pupil's life. The elementary schools should be reorganised so as to provide primary education for children up to the age of eleven or thereabouts, with secondary education for all from that age onwards until at least the age of fifteen, opening out possibilities of opportunities for University education and technical and vocational training. A system of education must be judged by the degree to which the children who come within its scope are able to profit by it, and from top to bottom our educational machinery

should be designed to stimulate and enlarge the capacity for education in every child ; so that those who have enjoyed the advantages of our system of general education from the nursery school to the primary school will be enabled to continue to profit by the period of secondary education, and to enter upon the various specialised forms of training for which they reveal a natural preference.

The development of secondary education constitutes a cardinal principle of Labour policy. Although secondary education has been considerably extended in past years, it is still the weakest part of our educational system. Not more than about one per hundred of our population is enabled to enter a secondary school. In the secondary schools the law requires 25 per cent. of free places, but although this proportion is in actual practice exceeded, the provision for pupils whose parents are unable to pay the secondary school fees requires to be largely extended. Not until we have established free secondary education for all can it be said that we have laid down the broad highway of education, along which the children of all classes can travel. At present the highway from the elementary schools narrows to a bottle-neck when the stage of secondary education is reached, whilst only a fraction of our young people leave the secondary school for the University and other places of higher education.

It is only on a basis of secondary education that a sound system of vocational and technical education can be built. It is essential that such education should be made readily available, and that workshop training and technical instruction should go hand in hand. It is important also that the highest type of technological training should be within the reach of all who need it.

Our Universities, which in the past have been on the whole the preserve of the more fortunately placed, must be thoroughly democratised. Already, through the assistance provided by local education authorities and the State, an increasing number of elementary school scholars are travelling by way of the publicly provided secondary schools to the University. But it is necessary to increase very substantially the number of scholarships to Universities, and to extend the free-place system developed in our secondary schools to the Universities, linked up with the provision of reasonable maintenance where necessary.

There is nothing derogatory in the devotion of public money to the maintenance of pupils. As a matter of fact, apart from the private enterprise schools, the educational system from top to bottom is heavily subsidised. The so-called "public schools" enjoy endowments. The Universities, in addition to endowments, rely not on students' fees to make ends meet, but on State grants and

contributions from local authorities. The University student, even if he has no scholarship of any kind and pays all his own fees, is not paying for his own education. He is subsidised from various sources, and whether this subsidy takes the form of lower fees than would otherwise be necessary, or of a scholarship for maintenance, the broad effect is the same.

It is worth insisting on the fact that the Universities of Great Britain receive only 22½ per cent. of their income from tuition fees, and that therefore University education is heavily subsidised. We have no objection to this. *The Times*, however, recently wrung its hands at the prospect of subsidising education through maintenance grants. It was horrified, because " if the policy of maintenance is to prevail, not only will education be free, but we shall actually be paying children to go to school." *

If there is nothing incompatible with the self-respect of the well-to-do in utilising educational institutions which are subsidised either by endowments or by assistance from public funds, there is nothing objectionable in recognising as a general principle that education is essentially a collective service, which cannot be adequately provided on an individual basis and out of individual resources. If the claims of education are admitted, then it is

* *The Times*, April 4th, 1929.

undesirable that economic circumstances should be allowed to stand in the way of the enjoyment of educational facilities by those who need them. Poverty must be no bar to the best education which the community can provide.

There is also need for the further development of facilities for the education of the adult. It is now being widely recognised that education is a lifelong process. It does not stop short at either the secondary school or the University. Indeed, it is only with years of responsibility that education takes on its full meaning, and when the individual is able to grapple with the real problems of life and society and to develop his personal tastes and interests to the full. The University Extension Movement was an attempt to supply the need of the adult for education. It was followed by the Workers' Educational Association, which aimed at obtaining for working people the fullest possible advantages from extra-mural University education. It is now recognised as a normal part of University work that tutorial classes should be held in various centres, led by University graduates and conducted on University methods and standards. This extension of University activities beyond the precincts of University buildings is to be welcomed, and should be still further extended, in order that the adult may have all the necessary opportunities for the pursuit of knowledge and truth and the development of personality.

Universities, moreover, should be assisted as centres of research, engaged, as part of their normal functions, in extending the bounds of human knowledge for the benefit of the human race. In this aspect of its activities the University must come into close and living contact with the varied ramifications of our national life—economic, social and political—imbibing from the community a consciousness of public needs and yielding up to the community the fruits of its researches.

The Labour Party does not wish to stereotype education. It regards it as a living force which must be allowed to develop freely and vigorously. Labour recognises the marked advances which have already taken place in the world of education. The national system, in spite of its obvious defects, is less rigid and less formal and far more comprehensive in its content than in earlier days. But much still remains to be done if the claims of human personality are to be met, and if the citizen is to be fitted for the heavy responsibilities which have been cast upon him by the State, and which membership of a complex community involves. The Labour Party will use every endeavour to develop and adapt the educational system to the needs of modern democracy. It will steadfastly and consistently pursue its policy as the indispensable foundation of a democratic community. Its aim is so to develop the system of public education that every child, irrespective of the income,

class or occupation of his parents, shall receive the training suited to his age and his own natural aptitude and capacity, and enjoy throughout his school life the environment and conditions essential to healthy physical growth and mental and spiritual development.

The Party's educational programme proposes as immediate and practical steps (1) That all normal children shall at about the age of eleven pass from the elementary school to some form of secondary school, and remain there until they have reached the age of fifteen or sixteen. (2) That scholars who have reached a suitable standard of attainment shall have free access to the University or to the Technical College. (3) That adequate allowances for maintenance of children over fourteen attending a place of full-time instruction shall be provided out of national funds. (4) That Education Authorities shall be free to use their powers where necessary to provide maintenance allowances to children under fourteen, whether attending elementary or secondary schools. (5) That the size of classes shall be reduced to a maximum of forty pupils immediately, and as soon as practicable to a maximum of thirty. (6) That sufficient open-air nursery schools shall be provided for young children, and special schools for children unable to profit from the ordinary school course, including schools for mentally defective or physic-

ally unfit children. (7) That measures shall be promptly undertaken to rebuild or remodel all insanitary or unsuitable school buildings. (8) That proper provision shall be made for the feeding of necessitous children free of cost, and of other children at cost whose parents or guardians are prepared to pay for them, along with medical treatment of every kind whenever there is any need for this service. This programme, adopted by annual conferences of the Labour Party, constitutes the immediate task of the Labour Party, and it will be prosecuted vigorously when Labour enters office.

CHAPTER VII

PENSIONS AND INSURANCE

THERE was a time when poverty was deemed to be the outward manifestation of an inner lack of grace. The poor wallowed in their poverty because at the best they were an inferior race or because they were shiftless, whilst at the worst they were regarded as guilty of some grave moral defect. Even to-day there are those who in their hearts feel that the unemployed are wastrels, dishonestly living " on the dole," and that the whole tribe of unfortunates are being justly punished for some grave fault. Then there are people who believe it to be literally true that " the poor ye have always with you," and who conceive material poverty to be a part of a divine dispensation.

Of the two schools of thought, I do not know which I dislike the more. The former leads to harshness, and the latter to charity, which, *ex hypothesi*, is futile. The Labour Party dissents from both views. It sees no necessary connection between poverty and a person's deserts, or between poverty and the absence of moral worth. Nor does it believe that poverty is an inescapable

heritage of mankind. It does not pretend that all poverty is unmerited; at the same time it does not accept the view that all wealth is merited. There are "work-shies" in all strata of society. The trouble to-day is that the community is so disorganised that it is impossible to distinguish with any certainty the true from the false. The possession of wealth on the one hand, and the existence of unemployment on the other, makes it impossible to sift the wheat from the chaff, and whilst the rich idler remains a social ornament, the unfortunate workless man is only too often dubbed a work-shy.

The Labour Party believes that poverty falls on the worthy and the unworthy alike, and that it is part and parcel of the present ill-regulated order of society. It holds that it is only by an efficient system of wealth production and a just system of wealth distribution that poverty can be abolished. Socialism is not concerned merely with piling up wealth. It is vitally interested in its distribution. Of the two problems the latter is the more important. It is not impossible to conceive of a poor community which could be ranked as rich in the quality of its life and which did not contain those wide disparities of possessions that create injustices. The ideal to be aimed at is equality of opportunity and substantial equality of material possessions having regard to needs.

But the Labour Party is faced with the consequences of a century and a half of capitalist production and a system of wealth distribution which bears little or no relation either to real services rendered or to human needs. Social provision has been made for alleviating poverty and its results. Our State Insurance and pensions schemes are examples of such provision. It is part of the business of the Labour Party to deal with those who are the victims of the conditions of life and society which have existed in the past, and persist to-day. Such work, however, is largely in the nature of " Red Cross " work. It consists in dealing with casualties and not with causes.

For example, unemployment is a consequence of economic maladjustment and dislocation and is not an " act of God," and the major effort should be devoted to preventing the onset of trade depression and avoiding the waste of idleness. The existence of a system of Unemployment Insurance has proved to be a soporific. It ought to be the last ditch, and not the first line of defence.

Similarly, disease is to be regarded as an evil to be rooted out. A great mass of preventable disability exists in our midst, and the primary task is clearly that of creating a healthy environment and a healthy mode of life. The treatment of disease is essential, but the need for it on a large scale is a measure of our failure to cope successfully with the larger and more fundamental question.

Pensions fall into a different category. They are necessitated because of disablement, bereavement or old age. In the vast majority of cases, under existing circumstances, adequate individual provision against these possibilities is impossible. Even people in fairly comfortable circumstances find that disablement, the death of the mainstay of a home, or the advent of old age means penury. With the great mass of the people, the greatest thriftiness in the vast majority of cases will not suffice to maintain a widow and children, or a man and his wife when wage-earning employment becomes impossible.

There is nothing offensive to self-respect in a form of social provision to meet the ills and accidents of life. The Labour Party claims that it is the duty of the community to ensure that those who are unable to maintain themselves and their dependants should not, on that account, be plunged into poverty. It is in the highest interests of the community that those before whom lies a life of usefulness as producers, parents and citizens should enjoy the opportunities necessary to enable them to fulfil their responsibilities in the future. To those who become incapacitated, whether through sickness or accident or old age, humanity requires that they should be assured of an income for their maintenance.

The first forms of provision of the kind we are now considering were Workmen's Compensation

and Old Age Pensions at seventy, and it is interesting to observe that both these schemes demanded no special contributions from the worker. Under the Workmen's Compensation Acts the financial obligations are laid on the employer, who, as a matter of fact, usually covers himself by insurance. In practice, this charge becomes an element in the cost of production and is borne by the consumers. Under the Old Age Pensions Acts, 1908–24, the cost of providing pensions at seventy was borne by the Exchequer—in other words, by the general body of taxpayers. The Out-of-Work Donation Scheme instituted immediately after the War to cope with the unemployment arising out of the transition from war to peace was, of necessity, non-contributory, the whole cost falling upon the State.

National Health Insurance and Unemployment Insurance have both, from their inception, been contributory in character, with the State as a minor participant, the funds being maintained primarily by employers and workers. The provision of out-of-work pay and sick pay for their members has been an important aspect of Trade Union activity. The contributions and benefits have been determined by each Union on the basis of practical experience, and with a recognition of the limitations of their schemes and the inadequacy of the provision which could be made. These

schemes were inaugurated to do something by means of mutual help to tide Trade Unionists over difficulties for which no social provision was made outside the Poor Law.

The Labour Movement, through the Trades Union Congress and the Labour Party Conference, has declared on many occasions in favour of non-contributory provision. The existing schemes are open to serious criticisms. In the first place, they are a direct burden upon industry. The weekly rates of contributions for unemployment insurance, so far as males over eighteen are concerned, are 8*d.* from the employer and 7*d.* from the worker, making 1*s.* 3*d.* per week, as against the State's contribution of 6*d.* per week. For Health Insurance, the weekly contributions for males over eighteen are 4½*d.* from the employer and 4½*d.* from the worker. The Contributory Pensions scheme calls for 4½*d.* per week each from employers and workers in respect of male employees over eighteen. The State's contribution as from January 1, 1926, has been one-seventh of the sums expended on benefits and cost of administration in the case of men, and one-fifth in the case of women, in addition to which is added £4 millions a year for the first ten years in aid of the pensions scheme. It will be seen that for health, pensions and unemployment the total contributions in respect of a male worker over eighteen are no less than 2*s.* 9*d.* a week.

According to figures given by Mr. Churchill in the House of Commons, the contributions to the contributory schemes for the last available years were as follows :—

Service.	Contributions of employers and employees. (£000.)	Exchequer contributions. (£000.)	Period. Year ended.
National Health Insurance .	26,325	7,573	Dec. 31, 1927.
Widows', Orphans' and Old Age Contributory Pensions . .	23,254	4,000	March 31, 1928.
Unemployment Insurance . .	31,050	12,020	March 31, 1928.

It will be seen that, broadly speaking, for every £10 provided by employers and workers to the funds of contributory social insurance schemes, the State finds rather less than £3. It is, of course, true that it is bearing the whole burden of old age pensions at seventy, though, under the proposals of the Conservative Pensions Act of 1925, this burden will ultimately pass to the weekly contributors.

What makes the contributions of employers and workers more onerous in their character is the fact that they are levied in respect of evils which are hardly to be classed as accidents, and which do not

arise from the fault of individuals. The case of unemployment makes this particularly clear. Unemployment, as a general rule, is not caused by the individual acts of workers or employers. The roots of trade depressions lie outside the individual. National and international influences combine to produce the ebb and flow of trade, and Governments are not without a grave responsibility for both their acts of commission and their acts of omission. Unemployment ought, therefore, to be treated as a national responsibility, and ought, indeed, to be also the subject of international consideration and action.

Under the existing Unemployment Insurance Scheme the Government's contribution gives it but a small incentive to grapple with the causes of unemployment. It is let off far too lightly, whilst industry staggers under the greater part of the burden. It was because of these considerations that the Labour Movement, whilst reaffirming its view that unemployment should be provided against without recourse to individual contributions, submitted to the Blanesburgh Committee on Unemployment Insurance proposals for reducing by one-half the present contributions of employers and employed, and for the assumption of a greater proportion of the cost by the Exchequer. In 1925, however, the Conservative Government passed its Economy (Miscellaneous Provisions)

Act, which actually reduced the State's contribution to National Health Insurance and to the Unemployment Insurance Scheme.

There is a powerful case for reducing, as far as practicable, the contributions of employers and workers to these schemes, though the first step is clearly to improve the benefits given under them. If, having regard to the demands of the social services, it was not found possible in the first instance to do everything that the Labour Party believes to be desirable in the schemes of social insurance, it would be carrying out the wishes of organised Labour if it gave prior consideration to the improvement of benefits.

What, it may be asked, does Labour aim to achieve as regards unemployment insurance? In the first place, let it be clearly understood that it believes first and foremost in a concerted attack on the whole problem of unemployment, in the various ways suggested in a later chapter. It would therefore hope to reduce the problem of the maintenance of the unemployed to manageable proportions. But in so far as unemployment persists or arises, the Labour Party holds that no genuinely unemployed worker should be driven to the Poor Law, and that the provision made under the national scheme should be sufficient to maintain the unemployed and their dependants in efficiency and decency. It is also a strong advo-

cate of a large increase in training centres, with the object of preserving the morale and improving the skill and adaptability of the unemployed.

In the evidence submitted to the Blanesburgh Committee on Unemployment Insurance in 1926 by the General Council of the Trades Union Congress and the Labour Party, proposals were made in this direction. It was suggested, as has already been stated, that the contributions of workers and employers should be halved, the Exchequer finding the remainder of the necessary funds. It was also proposed that rates of benefit should be increased, and, what is equally important, that benefit should be continuous so long as a worker is unemployed. Further, it was recommended that attendance at educational centres for unemployed juveniles under eighteen should be made a condition of receipt of benefit, and that ample opportunities for training should be made available for the unemployed above that age.* Progress along these lines should lift the burden of out-relief from the local rates and would maintain the morale and efficiency of the workless.

In the realm of health insurance, the Labour Party sees the possibilities of great advances in two directions—the inclusion of persons now out-

* See *Unemployment Insurance: Principles of Labour Policy*, published by the Trades Union Congress and the Labour Party. Price 2*d*.

side its scope, and an improvement in the benefits. An extension of the scheme to new classes of persons is desirable on two grounds. In the first place, there are sections of the people which are not receiving adequate medical treatment, and, in the second place, as the law now stands, old age pensions at sixty-five, widows' pensions and orphans' allowances are payable only to persons or the dependants of persons insured under the National Health Insurance Act. If we assume that social insurance schemes should be, as far as practicable, co-ordinated, then health insurance should be extended to cover all those for whom provision against old age and bereavement ought in the public interest to be made.

As regards the benefits payable under the National Health Insurance Scheme, insured persons at present receive medical treatment and attendance and sickness benefit, the ordinary rates of which are 15*s.* a week for men and 12*s.* a week for women, commencing on the fourth day of incapacity and continuing for a maximum period of twenty-six weeks. Disablement benefit at a reduced rate of 7*s.* 6*d.* a week for both men and women is payable during illness after the right to sickness benefit has been exhausted. Maternity benefit, amounting to a sum of £2, is also paid on the confinement of an insured woman or the wife of an insured man. Where Approved Societies

operating the Act have a disposable surplus of funds, they may provide additional benefits in the form of increased cash benefits or payment towards the cost of various forms of treatment, such as dental, ophthalmic, hospital or convalescent home treatment.

It will be seen that the amount of money which enters the home during incapacitation through sickness is less than the money payable where a man is unemployed, and no dependants' allowance is payable as part of the sickness benefit, yet the needs of the home are at least as great when there is sickness as when there is unemployment. Indeed, the needs may be greater. But it is at any rate undeniable that the plight of the working-class family is serious, whether the breadwinner loses his wages through sickness or through unemployment, and there is no justification for the disparity in benefits.

Moreover, except as regards maternity benefit, the scheme makes no provision for the treatment of the wives of insured persons or their children, though the Widows', Orphans' and Old Age Contributory Pensions Scheme applies to the wives of insured persons and orphans' allowances to their children.

Again, no system of health insurance is satisfactory which does not bring to the insured person all the medical and allied aid which his case

demands. Dental and eye treatment, hospital and convalescent home treatment ought to be part of the standard benefits of the scheme, and ought not to depend upon the bank balance of a workers' Approved Society. A Society with a heavy incidence of sickness amongst its members and no disposable surplus will feel the need of additional benefits for its members more acutely than a prosperous Approved Society with a low rate of sickness amongst its members.

Finally, although it was originally claimed by its sponsors that the National Health Insurance Scheme would assist in the prevention of disease, which, after all, is the major problem, in practice it has been found that the scheme has not worked out in this way. When the system of National Health Insurance was devised, it was elaborated without regard to the growing public health service administered by local authorities. The former is primarily curative and the latter essentially preventive in character. The two services exist side by side without that living contact which is essential for the fullest success of both. One of the greatest administrative problems with which the country is confronted is that of co-ordinating the two services and giving them the inspiration of a common policy.

The system of National Health Insurance has been less subject to legislative changes than

unemployment insurance. The National Health Insurance Bill which was passed by the Conservative Government in 1928 ignored the major questions, and they still await solution. The Labour Party is mindful of these considerations. It has declared that " the Insurance Acts must be amended so as to include in their scope both the dependants of insured persons and the classes of workers who at present are outside them, and to secure that the additional benefits which may be provided under them, in the shape of dental, ophthalmic and other specialist services, and hospital and convalescent home treatment, shall become a normal part of the Insurance Scheme." * This extension of service would necessarily lead to a reconsideration of the relations between the public health service and the insurance scheme, and a new importance would be given to the preventive measures of the public health service and the improvement of the environment of the people.

The system of old age pensions cannot be regarded as satisfactory. There are two schemes in existence—a non-contributory scheme for persons over seventy, and a contributory scheme for persons over sixty-five years of age. The weekly pension of 10*s*. is a pittance. But the existing schemes do at least recognise that the care of the aged is a social obligation. A lifetime of labour

* *Labour and the Nation*, p. 35.

and service in the community merits honourable retirement, and it is incumbent on the community to make proper provision to ensure that when old age comes it is a time of happy contentment.

The present scale of pensions is obviously insufficient to provide the necessaries of life, and ought to be substantially increased, whilst the age at which the pension becomes payable might well be reduced to sixty. As I shall explain in a later chapter, there is everything to be said for a bold and generous scheme which will enable elderly workers, who find it increasingly difficult to maintain a foothold in the overstocked labour market, to make way for more vigorous adult workers who are struggling for jobs, and would assist in reducing the army of surplus labour to manageable proportions.

As opportunity allows, and as resources become available, the Labour Party would extend and improve the system of social insurance—that is to say, of social provision for the unemployed, the sick and disabled, the aged, the widows and the orphans. There is no doubt as to the justice of such a policy, but there may be fears as to the magnitude of the financial obligations involved. The proposals of the Labour Party must, however, be considered as a whole. In the first place, Labour does not believe that the resources of taxation on large incomes and inherited fortunes

are exhausted. In the second place, the economic policy of the Labour Party is directed towards augmenting the nation's wealth and therefore increasing its capacity to fulfil its obligations to its citizens. The expenditure involved in protecting the health and efficiency and procuring the happiness of the people is a true investment which will yield an abundant return. The one asset above all others which this country cannot afford to dissipate is the strength and vigour of its population; and social provision to meet the accidents and misfortunes of life must be an integral part of the activities of the modern community.

The Labour Party stands foursquare for the principle that whilst there are resources available no man, woman or child shall suffer because of defects in our social organisation and our economic system. Society must be so organised that the willing worker and his dependants shall not suffer through his inability to maintain his home. The family spirit, with its sense of responsibility, must be fully applied to the larger community of which we are all members.

CHAPTER VIII

LOCAL GOVERNMENT AND MUNICIPAL SOCIALISM

It is the policy of the Labour Party to develop a vigorous and progressive system of local government, with considerable powers of initiative. Under the existing law, the freedom of action of local governing bodies is severely curtailed. Their powers are limited to those which Parliament devolves upon them. If they wish to exercise further powers, they must resort to the cumbrous and costly process of special legislation, and often enough their demands are rejected, less on their merits than on party political considerations. Birmingham obtained powers under statute to conduct a municipal bank, which it is admitted on all hands has been a conspicuous success. Other large and important local authorities, inspired by the remarkable achievements in Birmingham, have desired to establish a similar municipal institution, but Tory majorities in Parliament have been able so far to prevent another municipal bank being opened. Prejudice against Socialism has been allowed to stand in the

way of municipalities carrying out a policy which has already proved to be a success.

The Labour Party would by legislation give local authorities wider powers than they now possess. For example, it would permit them, if they so chose, to rate land values, with a view to providing them with an expanding source of revenue. It would permit them to establish new productive services, subject, of course, to the fulfilment of such regulations as might be necessary to safeguard the public interest.

The Labour Party's Local Authorities (Enabling) Bill has always been defeated in the House of Commons by a majority which seeks to oppose the normal development of local government. Municipalities have now a considerable experience in the control of public services. Tramways and omnibuses, gas, water and electricity works, markets, docks and ferries, public entertainments, and a variety of other enterprises have been run by municipal bodies with marked success, and there is no reason to believe that we have reached the limits of municipal enterprise. Municipal housing schemes, approved by every post-war Government, have made local authorities the possessors of a large amount of housing property. The demand of an increasing number of municipalities for the power to establish municipal banks must sooner or later be conceded. The Samuel

Commission, which certainly had no Socialist bias, recommended that local authorities should be empowered to undertake the retail sale of coal.

It is certain that the municipalities will seek to widen the scope of their operations. The Labour Party welcomes this development, and would assist it by all means in its power; for municipal Socialism is regarded as an important avenue to the realisation of the Co-operative Commonwealth.

It is manifest that there are services of a national character which cannot be vested in the hands of local authorities. There is, however, a wide field where services might be conducted by the State itself, or by municipalities, or by the Co-operative Movement. And no doubt the future will see various services under different forms of social control. There will, also, be enterprises conducted jointly by federations of local authorities. One can conceive a group of local authorities, for example, jointly owning brickfields and quarries, for the supply of their own needs. It may be that local authorities will co-operate to supply themselves on a co-operative basis with many of their requirements. Once municipal banks are generally in operation, there is almost certain to be a federation of municipal banks for mutual support and assistance. What are called direct labour schemes will certainly assume larger proportions. Though works departments were originally estab-

lished by the older political parties on grounds of economy and in the interests of the ratepayers, these parties have since turned on the child they reared; and the extension of the principle of direct employment is being bitterly opposed by the anti-Socialists everywhere. But there seems to be no valid reason why cities like Sheffield and Newcastle should not own a printing works for the supply of their own needs, though the experiment has aroused fierce party passions. Nor is there any sound reason why municipalities should not themselves build houses for their ratepayers and repair their own public buildings.

It cannot be too often insisted that it was Tory and Liberal administrators who gave birth to practical municipal Socialism. The Labour Party seeks to secure its wise extension to other appropriate services, in the belief that it is in the highest public interest.

It also wishes to see a further development of the social services administered by local authorities, and to that end would welcome a general overhaul of the powers, duties and areas of local governing bodies, of the relations between these bodies, and of the relations between the State and local authorities. The Local Government Act of 1929, proudly paraded by the Tory Party as a great contribution to the solution of these problems, so far from solving them, has actually complicated

them. It is a piecemeal piece of legislation—and could, indeed, hardly have been otherwise, in view of the fact that the Royal Commission on Local Government has not completed its labours.

The Act abolishes the Boards of Guardians, after twenty years of Labour agitation. The Labour Party, ever since the publication of the Minority Report of the Royal Commission on the Poor Law in 1909, has been committed to the abolition of the Boards of Guardians and to the break-up of the Poor Law system. Unfortunately, Mr. Chamberlain's Act, whilst carrying out the former, shrinks from a bold handling of the latter question. It still leaves the maintenance of the able-bodied poor as a local charge, and as for the remaining categories of the poor, it permits local authorities to treat them through the appropriate Committees of the local authority, but does not require them to do so, with the result that there will now be two systems of administration, based on opposed principles operating side by side. In some districts the poor will be treated according to their needs, and local authorities will be led to take steps to prevent destitution; in others the punitive principles of the Poor Law will continue to operate.

Nor does the Local Government Act deal in a comprehensive way with the powers and areas of local authorities; whilst the new financial relations

established between the authorities and the State make confusion worse confounded. A block grant has been introduced for most of the health services and for certain road services, fixed in the first instance for three years, then for four years and subsequently for five yearly periods. The existing system of grants continues for the remaining road services, for education and police, and for certain services assisted by the Ministry of Agriculture. The effect of the stabilised grant for fixed terms of years will be to cast the cost of development of health and road services during the fixed grant period on the local authorities. The local governing bodies will, consequently, be faced with the embarrassing choice between stagnation of the social services or increased burdens to be borne out of a diminished rateable value due to the de-rating of special classes of hereditaments.

Obviously, it is not by these methods that local authorities are to be relieved of unjust burdens, assisted in the solution of their problems, and encouraged to undertake new developments and to enter into closer relations with each other.

Before there can be a scientific reorganisation of the areas and powers of the various types of local authority, the services performed by the Poor Law Guardians—apart from the care of the able-bodied—must be absorbed into the structure of local government. The mere abolition of

Boards of Guardians does not achieve this end. It is necessary to take a further step, and to transfer their duties in respect of different categories of " paupers " to the appropriate committees of the county and urban councils. Thus, children would pass under the care of the Education Committee, and sick under the care of the Public Health Committee.

On the other hand, it will be necessary to enlarge the responsibilities of the national Government. The policy of the Labour Party is, broadly, to differentiate between needs which demand care and treatment and those which call for financial assistance. Where it is a matter of providing, say, education or medical treatment, the service should be provided and administered by the local authority, with an appropriate measure of State assistance. But where the problem is that of providing financial resources—as, for example, for the unemployed, the aged, and the disabled, the widowed and the orphaned—the need should be met by a national scheme. Hence, the Labour Party is working for improved systems of unemployment benefit and old age, disability and widows' and orphans' pensions. It is also striving to perfect the system of local government, so that there shall be available to each individual the social provision appropriate to his or her needs, through the specialised services of the local authority, such as

education, health, housing and mental deficiency. The treatment of the able-bodied poor, however, is essentially a national problem, and should not impose a burden on local authorities.

A further problem is that of the roads. The development of motor transport has given a new importance to the nation's network of roads. Long-distance traffic has become a feature of road transport. Many roads have ceased to be primarily local in character. Certain roads are now essentially national, and ought not to be a burden upon local rates. Others, though not of such importance, are nevertheless largely used by many besides local residents. There are, of course, gradations in the extent to which roads are local, regional or national. But the national roads are fairly clearly defined, and ought to be maintained out of national resources.

Until a differentiation of functions between local and national government and the abolition of the Poor Law system, with its segregation of the poor on the grounds of their poverty rather than of their special needs, is effected, other questions of local government reform are secondary. When, however, these primary questions are settled, the question of the allocation of the appropriate powers to the various types of local authority, from the rural district council to the county council, is somewhat simplified. The tendency

is towards larger local authorities, and for this there is much to be said, provided that local government does not become remote from the citizen. For certain purposes, even the county and county borough councils are not sufficiently large units, as experience has already shown.

But an even more important problem is that of the relief of local burdens. The first step is that to which I have already referred. The burden of maintaining the able-bodied, the disabled, the aged, the widow and the fatherless, should fall, not upon the rates, but upon schemes under national auspices. The national roads should become a national charge. If these national services were made a national responsibility, there would be a considerable lightening of the load which now falls upon the backs of the ratepayers, and especially on the ratepayers in the districts which most need assistance. It is in the necessitous areas that the burden of maintaining the poor is greatest, and it is in the county areas, with their relatively small rateable value, that there is the heaviest burden in respect of the great trunk roads.

The next step is a reconsideration of the grants paid out of State funds to local authorities. The payment of Exchequer grants on the basis of a proportion of a local authority's approved expenditure on the service in question is a method which

has done much to encourage the development of the locally administered services. The knowledge that the State will contribute, say, 50 per cent. towards a council's approved expenditure on a service tends to loosen the purse-strings of reactionary local authorities; whilst progressive municipalities know that with the approval and practical assistance of the State new developments can be undertaken. The percentage grant-in-aid has been criticised because it almost invariably involves the Exchequer in a growing expenditure which it cannot control. The truth is that the local authorities must act within the law; they must obtain the approval of the State Department concerned; and it is an undeniable fact that our social services still stand in need of much further development, and the curtailment of State assistance merely means the postponement of necessary developments.

A more cogent argument is that for an expenditure of £5000 on a grant-aided service under the percentage grant system, a wealthy city like Westminster would receive exactly the same from the Exchequer as the much poorer area of Bethnal Green or Shoreditch.

The Labour Party's answer to this criticism is two-fold. In the first place, a good deal of the burdens carried by the poorer authorities ought to be removed from their shoulders in the ways I

have already suggested. In the second place, whilst it is important that account should be taken of a Council's " ability to pay," there is no reason why the principles of the percentage grant should be destroyed.

The just grant is one which embodies a real partnership between the State and the local authority, the proportions payable by each depending on the particular service, adjusted to take account of a local authority's needs with regard to that service and its ability to satisfy them. There is a strong case for a reconsideration of the respective shares of the total expenditure borne by the State and local authorities for the various services locally administered, and it is safe to say that, whilst maintaining the sense of responsibility of the local bodies, the State could fairly make a more substantial contribution towards the expenditure on local government services.

But it is not sufficient to relieve the local authorities of a share of the burdens they are now carrying. It is important that their means of revenue should be enlarged. The Local Government Act of 1929 committed the folly of reducing the rateable value in practically every local authority area in the country. The Labour Party's policy is to increase the resources of local authorities, and it would do this by enabling them to levy rates on land values, a proposal which

would yield a new source of revenue without burdening industry. With the expansion of urban areas, due in large measure to housing schemes assisted out of public funds and to various publicly provided services, land which when the Great War ended had an agricultural value has now a high urban value, and it is but a measure of social justice that these new values should contribute to the expenses of local government.

Along these lines the system of local government, freed from harassing restrictions, relieved of excessive burdens, and provided with a new and expanding source of revenue, would develop new activities and enrich the lives of the people.

PART III

ECONOMIC POLICY

CHAPTER IX

WORKING CONDITIONS

THE Labour Party's programme covers the whole field of national policy. But it owes, by reason of its origin, its constitution, and its form of organisation, a particular responsibility in relation to the organised workers. It is historically the party created by the Trade Unions. Inevitably, therefore, conditions of life and employment, the position of the workers in industry, and the risk of accident and disease in their various occupations, must loom large as problems to be dealt with by a Labour Government, legislatively and administratively. The influence of the Labour Party since its inception has profoundly modified the course of labour legislation. Parliamentary Labour representation, in the real sense of the word, began in 1874. It is not an historical accident that coincident with the appearance of Labour Members in the House of Commons,

industrial legislation, such as the measure which abolished truck, the extension of Factory and Workshops Acts, the enactment of the Employers' and Workmen Act, the Employers' Liability Act, and such administrative steps as the appointment of a working man as inspector of factories, the creation of the Labour Department of the Board of Trade, and the appointment of a trade unionist for important functions in that Department, should have been made at that time.

It is not the purpose of this chapter to sketch the development of industrial legislation; but it is surely not an extravagant claim that the progress made in the last fifty years is the outcome of pressure exercised by the representatives of organised Labour inside and outside the House of Commons. From the Fair Contract Resolution of 1889 to the establishment of a separate Ministry of Labour under the new Ministries' and Secretaries' Act, 1916, the influence of politically organised Labour has been apparent; in the last two decades it has, indeed, been a dominant influence in Labour legislation.

In the forefront of Labour's legislative programme stand a number of proposals of vital interest to the wage-earners. These proposals include a pledge to undo the injustices arising from the Trade Unions and Trade Disputes Act of 1927, and to restore to the Trade Unions the

established rights and legal powers of which that Act deprived them. Its policy includes also legislation for the establishment of a forty-eight-hour week, the improvement and extension of the Factory Act, the Mines Regulation Acts, the Workmen's Compensation Act, the Merchant Shipping Act, the Trade Boards Act, and other industrial laws, along with the establishment and enforcement of international labour standards. I propose in this chapter to deal with some of the outstanding matters of industrial legislation.

As regards the Trade Unions and Trade Disputes Act, 1927, organised Labour fought its passage through Parliament with all the resources at its disposal. It was opposed as a retrograde measure, which was aimed, not only at crippling the Labour Party financially, but also of arresting the development of Trade Unionism, circumscribing the freedom of action of the Unions and endeavouring to check the growth of their influence and power. The Act was the work of those who neither understood the present status of Trade Unions, nor the future place they are destined to occupy in the State and in industry, but regarded them as rebellious bodies inimical to the interests of society. It was the first example of restrictive legislation which the Trade Unions had experienced since the repeal of the Combination Laws in 1824. Earlier Trade Union legislation had

been in the direction of defining with greater precision the legal rights and powers of the Trade Unions, and much of it actually enlarged the powers and functions which the workers' organisations had acquired and were fulfilling. Indeed, on more than one occasion Parliament has rescued the Trade Unions from the restrictive decisions of the Courts of Law. The Act of 1927 reversed the trend of a century of legislation.

A Labour Government could not tolerate the continuance of such a Statute, because it believes that the powers and functions of the Trade Unions, so far from requiring curtailment, must be enlarged, and that larger responsibility will undoubtedly be imposed upon the Unions as industry develops. Already the Trade Unions carry out important functions of public administration. Many of them, for example, take part in the administration of Unemployment and Health Insurance. Their co-operation is essential in the working of the system of Trade Boards, the machinery of Joint Industrial Councils, and such more limited and localised activities as the Miners' Welfare Fund and the Bristol Dockers' Welfare Scheme. Economic Evolution, as we of the Labour Movement see it, is unmistakably in the direction of greater Trade Union participation in industrial administration and the conduct of the public services. The Trade Unions and Trades

Disputes Act, 1927, flies in the face of this tendency. It treats the Unions as enemies of society, whose existence menaces the stability of the State.

The spirit which produced this legislation is flatly contrary to that which produced the resolution on Trade Union recognition in the Industrial Conference of the General Council of the Trades Union Congress with the group of employers brought together by Lord Melchett. In that resolution, endorsed by both sides of the Conference, it is recognised that industry in this country in the last generation has benefited by the progressive increase in the volume of negotiations which have taken place between employers and representatives of the Trades Unions, and by an enormous growth of joint machinery for such negotiation in varying forms, including Industrial Councils, Conciliation Boards, joint conferences and the like. It is added that it is now the usual practice of employers to negotiate on all questions of working conditions, including wages, hours and other matters relating to the trade or industry, with the Executives and officials of the appropriate affiliated Union, or of other *bona-fide* Trade Unions. "This practice and method of procedure has in our experience proved to be so beneficial that in our view it should be encouraged and extended," and the resolution concludes with an emphatic assertion of the view

that it is definitely in the interests of all concerned in industry that full recognition should be given to the Trade Unions, and that negotiations between employers and workmen are facilitated by proper organisation on both sides. In accordance with this historically sound interpretation of the benefits resulting from Trade Unionism, the Labour Party will rid the Statute Book of the unjust restrictions imposed on the Unions by the Act of 1927, not merely in the interests of the Trade Unions, but in the interests of industry and the community as a whole.

It is useless for a reactionary Government to declare certain types of industrial stoppage illegal. It is, as the wisest minds recognise, folly to pass legislation which cannot be effectively enforced. Such legislation is worse than no legislation, for it multiplies legal offences and may bring the State into contempt. If amongst the large number of citizens who comprise the Trade Union Movement and form the backbone of the nation's producers, there is a deep-seated sense of injustice, intensified by circumstances operating at any given time, a law prohibiting an organised refusal to continue at work may easily become a farce. The only sensible way to deal with the situation is not to attempt to suppress the expression of dissatisfaction, but to deal with the cause which gave it birth. Trade Unionists, whatever their critics

may think, are fundamentally reasonable people, and the outbreak of anything in the nature of a general strike is a manifestation of a real fear or a strongly felt grievance. The so-called General Strike of 1926 was a case in point. It was a protest, after five years of trade depression and of attempts to undermine existing labour standards, against an assault on the miners, which it was believed might herald a general attack on the workers. It was not an " attack on the community." It was a defence by a large section of the community against repeated attempts to visit the unfortunate results of lack of industrial leadership, of the failure of responsible captains of industry to cope with post-war difficulties, and of the ineptitude and supineness of Governments, upon the workers and their families.

Nor does any Government strengthen itself or the Party which supports it by legislative restrictions on the political activities of its opponents. Under the law, prior to 1927, Trade Unions had to follow a definite procedure before they could embark on political objects, and rules had to be approved for the inauguration of a political fund. Even then, though a Union had declared in favour of political action, members were entitled to " contract out " of payment into the political fund of their organisation. But the Act of 1927 places the onus of " contracting in " on the majority whose decision established a political fund. This method

is a perversion of democratic principles. The minority sits with folded arms whilst the majority is required to go to the trouble of filling in "contracting-in" forms. The inertia which always exists amongst a proportion of the members of any organisation, instead of working in favour of the majority, actually works against it under the Act of 1927, and for the minority. This is undoubtedly what the promoters of the Bill foresaw and desired. The effect of the Bill has been temporarily to embarrass the Labour Party financially, and there are many who, though not in sympathy with the policy of the Labour Party, feel that the Tory Government in 1927 used its swollen and docile majority deliberately to cripple its political opponents. It is obvious that a measure which places serious restrictions on the industrial activities of Trade Unions and hampers their political activities, cannot be allowed permanently to disgrace the Statute Book.

A Labour Government, however, would not be concerned, in the sphere of industrial legislation, merely with undoing the evils wrought by its predecessors: it would devote its energies to maintaining and advancing the standard of life and the conditions of employment of the whole population, both by the passage of urgently needed measures, and by ensuring that the law of the land is effectively administered.

Amongst all far-sighted and enlightened em-

ployers it is now accepted that unsatisfactory labour conditions are a source of inefficiency and a handicap on economic progress. When labour can be employed under primitive conditions, for long hours and at low wages, the employer may make large profits, but on a short view the employer who makes the largest profits and secures the largest market will be he who sweats his workpeople more than his competitors. In those circumstances there is little inducement to reduce prices and increase profits by scientific means, by improved methods and organisation. When, however, working conditions are good, hours of labour and wages reasonable, and when the necessary minimum standards are universally applied, industrial success becomes largely a matter of superior methods and organisation, as, of course, it should be.

Industrial legislation, which imposes minimum conditions of employment, may rightly be regarded in the light of experience as an incentive to industrial progress, and as an attempt to substitute success obtained by thought, foresight and organisation for the shabby and meretricious success gained at the expense of the degradation of the workers.

But there is a social aspect of this question. The community, which calls for certain services from its members and imposes certain responsibilities, rightly demands that the performance of

these services and the fulfilment of these responsibilities shall not be undermined by evil industrial conditions. Moreover, the community in its own interest spends large sums on education, housing, public health and what not, and requires that its efforts to improve the quality of the people and their standard of life shall not be thwarted by low standards in our factories, workshops and mines.

The case for well-considered industrial legislation is overwhelming; yet, unfortunately, the requirements of the law fall far behind the requirements both of the community as a whole and of industry in particular. The present position of our factory legislation provides an illustration. The last big Factory Act was placed on the Statute Book in 1901. Even at the time of its passage, it was known that it perpetuated certain anomalies, and failed to reach as high standards as were desirable. Since those days a new generation of workers has arisen at the loom and the bench. The industrial outlook has changed; developments have taken place; new processes have been introduced. In the meantime, there has, it is true, been some legislation to deal with particular problems, but the time is more than ripe for a reconsideration of the whole question.

When a revision of the law is mooted, we are invariably confronted with assertions that such a

process will mean industrial ruin. The prospect of industrial ruin has, as a matter of fact, been dangled before the eyes of practical reformers since the early days of factory legislation more than a century ago. Sincere but mistaken protagonists of the existing order saw nothing but the disintegration of British trade if workshop conditions were improved, or hours of labour for women and young people curtailed. At a time when children who were little more than infants were working incredibly long hours, it was solemnly prophesied that national disaster would follow if the minimum age of employment were raised, or if there were any interference with the hours of labour. There are still people in the direct line of descent from the early opponents of factory legislation.

Their influence, however, is declining. Yet any attempt to carry out further changes in the law will be resisted by certain employers. It will not do for the critics to say that reforms will ruin trade. If the public conscience regards working conditions as unsatisfactory and the law as too weak, it will establish new standards, and it will be the business of employers to adapt themselves to the new conditions. After all, they are paid pretty handsomely to organise industry, and under the pressure of the law, the delinquents must be driven to do what other and better employers have done voluntarily. As a matter of fact, many

of the amendments to the Factory Act which Labour proposes are in operation over part of the industrial field, and others are long overdue; so that there need be no fear of the utter collapse of the fabric of British industry if the law is altered.

In 1924, during the régime of the Labour Government, Mr. Arthur Henderson, the Home Secretary, introduced a Bill to consolidate the law and to amend the Factory Act. Owing to the fall of the Government the Bill did not reach the Statute Book. The Labour Government's Bill abolished the distinction which now exists in law between factories and workshops, and between textile and non-textile factories, and which permits, for no good reason, but merely as a historical accident, different standards in different types of concern.

The Bill would have legalised the forty-eight-hour week for women and young persons. Over a great part of the industrial field, the forty-eight-hour working week has been established as a result of industrial agreements, but it does not operate universally in factories. And it is surely reasonable that there should be a generally applied standard. Under the Labour Government's Bill the hours of labour of protected persons, exclusive of intervals allowed for meals and rest, would not exceed nine in any day or forty-eight in any week.

Further provisions dealt with the limits of hours of labour and length of spell.

But the Bill extended far beyond the regulation of hours. It was an attempt to establish as a general rule conditions relating to health, safety and welfare, such as now prevail in the establishments conducted on enlightened lines. Under its provisions, backward concerns would be brought up to something approximating the level of the best. New legal standards were imposed with regard to the cleanliness of workplaces, temperature, ventilation, lighting and overcrowding. Conditions under these heads in many factories and workshops are a source of inefficiency, and on the ground that it would get rid of such sources of loss, the Bill is to be commended. These provisions are also essential in the interests of the health and comfort of the workers. Elaborate provisions were laid down to ensure the safety of the workers in factories, and a number of " welfare " clauses were designed to secure the well-being of the factory employees. The Bill dealt with a good many other questions, but sufficient has perhaps been said to indicate the general character of the measure.

The effects of the Bill would be all to the good. It would not only improve conditions for the worker, but it would also improve the efficiency of industry. Britain has nothing to gain by out-

of-date, old-fashioned industrial structures carried on under conditions which we have long since outgrown. It has everything to gain from better factories and better conditions.

The Conservative Government which followed after the 1924 Election pledged itself to deal with factory legislation. The Home Secretary, Sir William Joynson-Hicks, on three occasions definitely promised to produce a Bill and pass it into law; and equally definitely on three occasions had to unsay his words. The Government pledge to legislate for the improvement of conditions in factory and workshop, like many other pledges, was dishonoured. Nor would its legislation, had it been pressed forward, have gone far to meet the existing needs. The Bill actually presented, but not passed, by the Conservative Government, allowed, for example, a working day for women and young persons up to a maximum of ten hours. In the 1924 Bill of the Labour Government, as I have already explained, a nine-hour day was the maximum within the legal limit of forty-eight hours a week. The provisions relating to overtime in the Tory Government's Bill were not only much worse than the corresponding sections of the Labour Government's Bill, but actually worse than those in operation under the 1901 Act. It allowed one hundred hours of overtime per year, with a maximum of six in a week, not only for

women, but for young persons as well, and in special cases an additional fifty hours per year, with a maximum of three in a week, would have been permitted for women and young persons. Under the existing law the maximum amount of overtime that may be worked in any trade by protected persons is 100 hours, as against the 150 hours allowed by the Tory Bill. Further, the Conservative Home Secretary's Bill established, as a permanent measure, and not as an emergency expedient, the two-shift system, which was introduced for a period of five years by the Employment of Women, Young Persons and Children's Act, 1920. The Labour Government proposed to allow the 1920 Act to lapse at the end of the specified period; but while the Act was still in operation the present Government came into office, and renewed it at the end of 1925. If Sir William Joynson-Hicks had had his way, the two-shift system, against which the organised workers have always protested, would have become a permanent feature of factory life. There were other serious defects and deficiencies in the Tory Bill, and it is, perhaps, as well that Mr. Baldwin's Government did not place it on the Statute Book. A Labour Government would go back to the proposals embodied in Mr. Henderson's Bill of 1924.

But factory legislation is only one aspect of the code of industrial laws regulating conditions of

employment. A Labour Government would deal in a scientific way with working conditions in mines, in shops and offices, and on board ship, so as to humanise conditions and at the same time increase industrial efficiency. Moreover, a Labour Government would certainly ratify the Washington Hours Convention, to which in 1919 the British Government gave its adhesion.

The question of Workmen's Compensation is one which looms large in the minds of the mass of employed workers, and much importance is attached by the Trade Union and Labour Movement to the new Bill dealing with workmen's compensation framed by a joint committee of the General Council of the Trades Union Congress, the National Executive of the Labour Party and the Parliamentary Labour Party. The existing law affecting employers' liability and the workers' claim for compensation makes meagre provision for injured workpeople, and has been a prolific source of litigation. Not only are many cases taken to the courts unnecessarily and money wasted which should be available to provide proper compensation for injured workpeople, but legal decisions on compensation cases have involved the whole question of compensation in a mass of confusion and contradiction. Moreover, under the existing system, employers' liability has become a source of considerable revenue to insurance

companies, and it has been shown that more than half the premiums paid to cover employers' liability goes in administrative expenses, medical and legal costs and in profits, whilst less than 32 per cent. is paid to workmen and their dependants in the form of compensation.

The Holman Gregory Committee, which investigated the question, placed on record its view that the present system is wasteful and unsatisfactory : " Where a liability created by Parliament makes it imperative for the outstanding majority of employers to cover their risk of insurance, we consider it is the duty of the State to ensure that the business shall be conducted on a reasonable and economical basis." What the insurance companies regard as a reasonable and economical basis is illustrated by the arrangement made with them by the Government in 1923, whereby the amount of premiums that can be used for administration was limited to 40 per cent. for the years 1924–26, and to $37\frac{1}{2}$ per cent. for subsequent years. Nor is this the worst feature of the present system. Cases continually occur of injured workmen, legally and morally entitled to compensation, who, through some default of the employer responsible —perhaps in neglecting to insure his liability— are unable to secure the compensation which is their due. A great deal of misery and wrong have resulted, and thousands of cases of gross injustice have occurred.

The Bill framed by the Joint Committee of the Trade Union and Labour Movement illustrates the thoroughness with which the policy of the Labour Party is being worked out. It is a thoroughgoing but, at the same time, a practical measure, which will put employers' liability and workmen's compensation on an equitable basis. It will introduce new machinery and new methods of administration. It is proposed, in the first place, to set up a Compensation Board, consisting of members appointed by the Crown. This Board, the members of which will devote the whole of their time to the work, will have exclusive jurisdiction as regards every case arising under the Bill, including compensation claims. Their powers in regard to compelling the attendance of witnesses, or the production of books or other evidence are to be equal to those of a judge of the High Court. The Board's decision will be final. No action can be taken in the ordinary courts for the recovery of compensation, and it is laid down that the decisions of the Board shall be upon the real merits and justice of the case, nor shall the Board be expected or bound to follow strict legal precedents.

The next important provision concerns the setting up of an Accident Fund, to be started by a loan from the Treasury, and to be maintained by assessment upon employers, either by way of a percentage of the pay rolls or a specific sum, as

the Board may decide. Where necessary, the Board is to have power to add to the assessments for the purpose of raising a special fund to meet the loss arising from any disaster or any circumstance which, in the opinion of the Board, would unfairly burden the employers in a particular industry or group of industries. By the establishment of this Fund, the payment of compensation will be guaranteed, and will not depend, as it now does, upon the ability of an employer to keep out of the Bankruptcy Court, or to make his business show a profit. This Bill eliminates entirely the insurance company atmosphere, and puts the claim of the injured workman in the forefront. It extends the provision governing the award of compensation and brings in large numbers of workpeople who are at present outside the scope of compensation law. The amount of compensation is substantially increased. For total incapacity it is raised to 75 per cent. of normal weekly earnings, based on the full number of working days in the industry or employment, and the maximum payment is £3 per week, or the normal weekly earnings of the workman, whichever is the less. In cases of partial incapacity the amount of compensation the workman will receive will be equivalent to the difference between pre-accident earnings and the amount he can earn in suitable employment; but it is provided that

there shall be no reduction in total incapacity payments unless and until the Board is satisfied that there is suitable light work available. Where fatalities occur, the provision for children and dependants is greatly broadened and the amounts allowed are substantially increased.

Whilst it is important that the best possible conditions of employment should be maintained and adequate provision made for compensation in case of accident, it is also vitally important that the workers should receive wages compatible with a life of health and comfort.

"The Labour Party"—to quote *Labour and the Nation*—"has always stood for the widest possible application of the policy of the living wage, and for such legislative and industrial changes as may be needed in order to enable it to be carried into practical effect. The Trade Boards Act, under which legally enforceable minimum rates are fixed for more than a million workers, must be extended to include within its scope classes of workers who are at present defenceless, and the machinery of inspection, through which the payment of the rates fixed is enforced, must be enlarged. The Fair Wages Clause in public contracts must be strengthened and rigorously enforced. Greater powers must be vested in the Central Agricultural Wages Board, and an end must be put to the scandalous negligence which

at present causes the minimum rates for agricultural workers fixed by the agricultural wages boards to be in some areas systematically, though illegally evaded."

A high standard of life and civilised conditions of employment stand in the forefront of Labour's domestic programme, alike in the interests of the workers and the nation as a whole. But these ends can be fully attained only by new standards of efficiency, better organisation, the integration of industry, and a closer partnership between science and economic life—in short, by the advance of Socialist principles.

CHAPTER X

UNEMPLOYMENT AND NATIONAL DEVELOPMENT

UNEMPLOYMENT, like many other social and economic questions, is no new problem. The large army of the workless which has been a tragic feature of recent years has concentrated attention on a long-standing evil. The post-war depression has thrown into sharp relief a problem which has always existed in modern times, but which in recent years has persisted on such a scale that it cannot be ignored.

The Labour Party foresaw the possibilities of large-scale dislocation following the end of the Great War, and on March 6th, 1917, a Labour deputation pressed upon Mr. Lloyd George, the Prime Minister, the necessity for the Government making preparations to meet the situation which might arise during the first years of peace. Mr. Lloyd George expressed himself as being in accord with the views and proposals of the Labour Party, and dwelt upon the unparalleled opportunity which presented itself for the reconstruction of the industrial and economic conditions of our country. There was, he said, no time to lose. He concluded with a peroration

addressed to the workers, which organised Labour has never forgotten: "Audacity is the thing for you; think out new ways; think out new methods; think out even new ways of dealing with old problems. Don't always be thinking of getting back to where you were before the war; get a really new world."

Later in 1917 the Labour Party issued a memorandum on the prevention of unemployment after the War, from which, in view of Mr. Lloyd George's new enthusiasm for the conquest of unemployment, I may quote the following extract :—

"Among the works that could be put in hand are :

(*a*) Housing schemes . . .
(*b*) Other works of local improvement, water supply, drainage, parks, etc.
(*c*) Educational expenditure to make up three years' leeway, including improvements, new buildings, equipment, books, and apparatus; the intake of teachers to be raised up to 20,000; maintenance and secondary scholarships.
(*d*) Public library developments which have been suspended since the beginning of the War.
(*e*) Government printing, which has been postponed during the War.
(*f*) Works under the charge of the Development Commission and the Road Board which have been planned to the extent of millions

sterling, *e.g.* new roads, harbours, light railways, public buildings, reclamation of foreshores, held up owing to the War.

(*g*) The development of agricultural and rural industries on a national co-operative basis, including schemes that will secure the maximum production of home-grown cereals, small-holdings, dairy and poultry farms, etc., and facilities for the greater use of agricultural machinery and the application of scientific methods to farming.

(*h*) Extensive schemes of afforestation to replant where trees have been removed during the War and to cover other areas suitable for timber growing."

At its Conference in June, 1918, the Labour Party adopted a resolution calling upon the Government to arrange a "ten years' programme of national and local government works and services, including housing, schools, roads, railways, canals, harbours, afforestation, reclamation, etc."

After the Armistice, a joint committee of employers and workers, appointed, at Mr. Lloyd George's suggestion, by a national conference convened by the Government, made unanimous recommendations on the question of unemployment. This joint body ultimately resigned because, in spite of the Prime Minister's promises, no steps were taken by the Government to carry its various proposals into effect.

In January, 1921, a special Labour Conference was

called to consider the problem of unemployment. It adopted the Report of a Joint Committee of the Trades Union Congress and the Labour Party, which was published under the title of *Unemployment ; A Labour Policy*. This Report put forward a comprehensive programme of co-ordinated national development which was submitted to the Prime Minister. " Audacity," however, was now at a discount. The idea of " a really new world " had receded far into the background. The prospects of reconstruction had vanished into thin air.

Mr. Lloyd George found himself held up to ridicule in Liberal Party publications, and assailed by critics who are now his colleagues in the " united " Liberal Party. We were told that,

" The Government has not only needlessly intensified bad trade and unemployment by its general policy, it has inexcusably failed to make special preparation for the problems of unemployment which were bound to arise in some degree sooner or later." *

The Liberal Party *Searchlight* for January, 1922, was even more cruel in its castigation of Mr. Lloyd George and his colleagues.

" The Coalition Government," it states, " talks of new schemes for reviving trade, and promises to do wonderful things. But what is the good of talking ?

* *A Tale of Folly and Failure* (Liberal Party Pamphlet, October, 1921).

What is the good of promising? We have heard all this before. They said exactly the same thing three years ago. Read this, from Mr. Lloyd George's Election Manifesto, December 5th, 1918:—

> 'The Government have schemes for developing the resources of our own country in a way they have never been opened up before.'

There you are. That is what they promised three years ago; and they are still saying the same thing. And what is the result of these three years of Coalition Government? The result is that to-day trade is worse and unemployment is worse than we have ever known them before."

When Mr. Lloyd George's Coalition Government collapsed in 1922 in the midst of the wreckage which it had caused or failed to avert, it was succeeded by the " tranquillity " Government of Mr. Bonar Law. Mr. Baldwin subsequently took charge of this Administration, only to fling his majority away by an appeal to the country to support him in a full-blooded policy of Protection, as a cure for unemployment. He declared in his Election Manifesto in 1923 that " no partial measures, such as the extension of the Safeguarding of Industries Act can meet the situation." At Plymouth on October 25th, 1923, he expressed his view that unemployment was " the most crucial problem " before the country, and he announced his conclusion that " the only way of

fighting this subject is by protecting the home market."

A year later, chastened by the experience of the General Election of 1923, Mr. Baldwin renounced "the only way," threw overboard Protection of the home market, and fell back on the "partial measures" he had discredited in his own Election Manifesto some months previously. "The Unionist Party," he said in 1924, "would be unfaithful to its principles and to its duty if it did not treat the task of grappling with the unemployment of its people and with the serious condition of industry as a primary obligation. Whilst a general tariff is no part of our programme, we are determined to safeguard the employment and standard of living of our people in any efficient industry in which they are imperilled by unfair foreign competition, by applying the principle of the Safeguarding of Industries Act or by analogous measures."

The Tory Government, which came into office after renouncing a general tariff, proceeded to apply its policy of piecemeal Protection without effecting any appreciable diminution in the number of the unemployed. It could do nothing by means of safeguarding to relieve the plight of the basic industries, and it shrank from applying its remedy to the iron and steel industry.

In 1928 the Government produced its de-rating proposals. The Prime Minister informed his sup-

porters that " the main policy of the Government for the permanent relief of productive industry is the great scheme of de-rating." He went on to say that, because this policy was so popular, his political opponents were " trying to drag in the Protectionist red herring." The " only way " of 1923 had become a " red herring " in 1928.

It is obvious that both Mr. Lloyd George and his successors have been baffled by the problem of unemployment. Mr. Lloyd George, by his neglect of the necessary precautions, and his failure to produce anything more than what the *Liberal Magazine* called " a tiny little commonplace scheme . . . slight and meagre and ludicrously inadequate to the jobs in hand," is, in a large measure, the architect of our present misfortunes. He had his opportunity and failed ; and his new pledge is one to carry into effect, in the unlikely event of his ever being called upon to implement it, a few of the emergency proposals repeatedly submitted to him when he was in a position to apply them.

The Liberal proposals have been produced and staged with all the scenic effects which Mr. Lloyd George commands. They are sound enough, so far as they go, though they over-emphasise the importance of road development as compared with other aspects of national construction and reconstruction. They are, however, essentially of an emergency character. The Labour Party, on whose ammunition

he has drawn, would be the last to deny the value of any proposals for developing the resources of the nation. But it realises the complex nature of the problem with which the country is faced and its recurring character. A comprehensive policy for coping with the evil would call into active co-operation every State Department, in greater or less degree. The Labour Party also believes that the nation should profit by its experience, and repent of its unreadiness to deal with the recurrent problem of unemployment.

The Tory Party is hopelessly at a loss to deal with the problem of unemployment. During its term of office lengthy periods of quiescence have alternated with intervals of spasmodic and misguided efforts. It has floundered from scheme to scheme, and never found a solution. Protecting, safeguarding and de-rating deal with superficial symptoms and not with causes. The policy of leaving trade revival to come, unassisted by the Government, has been tried and has failed. The problem remained after four and a half years of Tory rule.

The truth is that unemployment is a problem which demands for its solution the Socialist approach and the Socialist method. The essentials of the problem are not difficult to grasp. Human needs are continuous, but under our present disorganised economic system production is not regular and continuous. A community of forty millions of people or so needs to be fed, clothed, shod, housed, provided with

utensils and machinery, with amenities and pleasures. The problem was stated in the evidence submitted by the Labour Movement to the Blanesburgh Committee on Unemployment Insurance in the following words :—

" Industry and commerce exist to satisfy human needs, which, though they may in course of time change in certain directions and expand in others, do not violently fluctuate from year to year. The economic organisation of society is capable of regular production, and in the long run has nothing to gain from alternating periods of feverish production and semi-stagnation. Though small-scale unemployment and the loss of work by individuals will arise, it appears to us that the prevention of widespread and prolonged unemployment is a problem of organisation which is not beyond the powers of society to solve. Broadly speaking, the question is one of ensuring that reasonable human needs are satisfied, and that industry and commerce which exist for this end should not be foiled in their purpose of producing with regularity and certainty the goods and services needed for normal life in society." *

The machinery which the Labour Party suggests as a permanent framework for the nation's activities in preventing unemployment are to be found in its Prevention of Unemployment Bill. In order to promote regular production, it is proposed that in times of declining trade schemes of

* *Unemployment Insurance : Principles of Labour Policy*, p. 4.

development should be accelerated, and the necessary finances provided by an Exchequer grant of £10 million to be set aside annually for development purposes.

The amount which would be spent, however, each year would depend upon the state of trade. When trade showed signs of falling off, development schemes already in hand would be accelerated and new schemes begun. As trade began to recover, development expenditure would be reduced. During prosperous years the State would collect more revenue than it spent, and this surplus would be used to supplement the purchasing power of the country during the lean years.

The Labour Party regards as the keynote of its policy the development of national resources and economic possibilities, both at home and abroad. This is the principle embodied in the Prevention of Unemployment Bill, which proposes the appointment of an Employment and Development Board, whose duty it shall be to promote and assist schemes of development, both at home and in British territories overseas.

The problem is not simply to make temporary provision for more or less unskilled work of an emergency character, but to regenerate British industry and develop the nation's economic resources. The main task of the Employment and Development Board will be to plan practicable

schemes and prepare the ground for their vigorous execution as opportunity is made. I need say nothing here of the various contributory measures which a Labour Government will take to relieve the congestion of the labour market, beginning with the raising of the school-leaving age and the provision of adequate pensions for the veterans of industry; both these measures involve expenditure, but it is essentially expenditure in the nature of an investment. It means in the case of the young people, on the one hand, better education and higher efficiency, health, and fitness for citizenship; on the other hand, the withdrawal of the older workers at the other end of the age-scale will lead to the employment of workers in full vigour in the hey-dey of their productive capacity, instead of leaving the work they are capable of doing so well to be done by immature youths or old men. It means, in other words, that employment will fall upon the age-groups of the population which are best qualified to work, and industrial service will be concentrated upon the most efficient section of the population.

These measures will unquestionably bring relief to the labour market, but they form only a part of Labour's general policy for dealing with unemployment. The fundamental principle of that policy is the use of national credit for the development of national assets.

Thus, the Labour programme for unemployment includes a great extension of housing and slum clearance activities, with the object of providing houses at rents within the means of the wage-earning people. This will not only mean a positive addition to the volume of employment in the building and allied trades, but will enable the housewife, having less to spend on rent, to spend more on food, clothing, and other necessaries of life.

Immediate employment will be found, moreover, for a large number of workers, skilled and unskilled, through a speeding up of the development of electrical power supply. This again will react favourably upon industry in general by helping materially to lower costs of production and by assisting the development of the countryside and the revival of rural industries. But its most important consequence will be in the improvement of transport through the speedy electrification of railways, which will also contribute to lowering the cost of commodities and provide a much-needed stimulus to trade.

Additional employment can be found in the making of new roads and the improvement of existing roads and bridges. This will lead to a rapid appreciation of land values and a consequent increase in taxable capacity. It will provide better facilities for road transport and open up new areas to development. It will also hasten the break-up

of congested areas and promote the development of new industries in the country districts. Allied with this is the Labour Party's policy of draining, reclaiming and afforesting the land, and the provision of small-holdings on a greatly increased scale. All these proposals, it will be seen, are not merely improvisations, but part of a well-articulated, closely-knit plan of national development, calculated to enlarge the scope of employment and to add to the nation's economic and social assets.

A further group of proposals concern the reorganisation of industry, beginning with the coal industry, which is imperatively in need of a complete overhaul and scientific reconstruction. It would be carried out on the basis of public ownership and control, on the lines of Labour's Coal, Power and Transport scheme, summarised in another chapter. Measures would be taken with regard to the cotton industry. Labour would set up a Royal Commission to investigate present conditions in this great basic industry, and work out a comprehensive plan of reorganisation. Credit policy enters into these schemes of industrial reorganisation, and Labour proposes to bring the Bank of England under the direct control of the community, so as to ensure that a credit policy governed by the needs of industry is pursued and adequate credits are made available, under proper safeguards, for the industries which require capital

for reconditioning of plant and the development of their resources. Labour's main aim in regard to banking, credit, and currency is to guide new capital into the most productive channels, and assist in the establishment of new economic enterprises of a socially desirable character.

These measures do not exhaust the catalogue of Labour's proposals for dealing with unemployment. As I have said, the Labour Party envisages the problem as essentially one of developing the resources of the nation in all directions. Whilst the party would take care of the unemployed, not only by providing proper maintenance, but also by establishing large-scale schemes of industrial training with the object of equipping workers for new occupations and preventing the demoralisation that ensues on prolonged and enforced idleness, it would also direct its general policy towards the main object of securing the fullest opportunities for British trade and industry. Thus, the next Labour Government would take up afresh the question of re-establishing relations with Russia and re-opening the channels of trade which Mr. Baldwin's Government so stupidly closed. It would endeavour to influence other countries in lowering the tariff barriers which have been raised during the period in which an exaggerated nationalism has ruled the policy of these countries. And it would deal scientifically with the problem of migration.

As a first step it would seek to establish closer relations with Dominion Governments and the Trade Union and Labour Movements of the Dominions, in order to frame an agreed policy of land settlement and secure the transfer of settlers under carefully supervised arrangements which will not only protect their interests, but also those of the workers in the countries to which they go, and prevent any degradation of industrial and social standards. It is important, in Labour's view, to secure the co-operation of the Labour organisations in the Dominions in the working out of a general plan of migration. In the past it has not been considered unreasonable to give railway and transport companies and land concerns quite large privileges in handling the movement of settlers, and we hold strongly that the Trade Unions have at least an equal right to be consulted on these matters; moreover, we believe that, in the interests of the people in the Dominions, as well as of intending settlers, the Unions should be given the responsibility of seeing that the transfer of population is carried out under proper conditions and that their established standards of wages, hours and employment are maintained.

These are, summarily stated, the guiding principles and immediate objectives of Labour's unemployment policy. They plainly constitute a

more thoroughgoing and carefully planned programme, linked up in all its parts with the party's general policy, than those of the opposing parties. In this way unemployment can be conquered, rather than by spasmodic and disjointed efforts in the nature of improvised emergency measures such as the other parties propose to adopt.

CHAPTER XI

RATIONALISATION

THE rational organisation of industry and trade is so eminently a matter of economic necessity and of plain common sense that it would not appear to be a subject of controversy except that it raises the fundamental issue of the treatment and position of the worker. Under the name of Rationalisation a whole series of tendencies, none of which can be regarded as particularly new or revolutionary, have been given a practical application in several countries. In our own country it is the declared policy of the Joint Conference on Industrial Reorganisation, in which the General Council of the Trades Union Congress have participated with the representative group of employers headed by Lord Melchett. The principles of Rationalisation were considered by the World Economic Conference held at Geneva in May, 1927, and approved as "one of the principal means of increasing output, improving conditions of labour, and reducing costs of production." In the resolution endorsing these principles it was stated that Rationalisation aims simultaneously :

1. At securing the maximum efficiency of labour with the minimum of effort.
2. At facilitating by a reduction in the variety of patterns (where such variety offers no obvious advantage), the design, manufacture, use and replacement of standardised parts.
3. At avoiding waste of raw materials and power.
4. At simplifying the distribution of goods.
5. At avoiding in distribution unnecessary transport, burdensome financial charges, and the useless interposition of middlemen.

With this statement of the aims of Rationalisation, so far as it goes, it would not seem to be necessary to quarrel. By the judicious and continuous application of its principles, the World Economic Conference considered it possible to secure—

1. To the community greater stability and a higher standard in the conditions of life.
2. To the consumer lower prices and goods more carefully adapted to general requirements.
3. To the various classes of producers higher and steadier remuneration to be equitably distributed among them.

These objects are as reasonable as they are desirable. Yet both in practice and in theory Rationalisation has excited considerable controversy.

It has been variously interpreted as a device for saving Capitalism from collapse, as a deliberate alternative to Socialism, and as a pathway to Socialism. As a matter of fact, it is all three. Existing economic conditions have driven far-sighted employers to see that drastic changes are needed in the direction of greater consolidation and co-ordination of effort, in order to meet the difficulties and the needs of our time. To opponents of public enterprise, rationalisation presents itself as a defensible alternative to Socialism. To the Socialists it appears as a plan for reorganisation, which, whilst it may menace the interests of workers and consumers alike, is nevertheless a step away from competitive industry, and a step in the direction of increasing unification.

Essentially, Rationalisation is the application of science to industry, the simplification and standardisation of productive processes, and the most efficient and economical organisation of production and distribution. In so far as it achieves these ends, with due regard to the interests of producers and consumers, it is to be welcomed. Scientific organisation is the essence of Socialism. Nationalised industries and services will assuredly be con-

ducted with a single eye to efficiency and economy so far as their technique and organisation are concerned. The waste, inefficiency, friction, confusion and frustration of effort which are inherent in the competitive system of production for profit will disappear from socialised industry ; and there would be a continuous application of science and invention, and constant endeavour to organise production and distribution with a view to efficiency and economy. The aim of this policy, however, would be service to the community and justice for the producer.

From the point of view of economy, rationalisation under Capitalism is preferable to competitive industry. But its fundamental weakness is that it perpetuates the competitive motive of private gain in a structure more fitted for public service. It does not, moreover, offer any guarantee —except such as can be secured by Trade Union effort—that the workers are not to be flung on the scrap-heap, or that they will fairly share in the advantages which accrue.

As I have said, there is nothing novel in the various developments of improved industrial technique which the term rationalisation covers. It includes the movement towards the standardisation and simplification of processes and products which was well under way in British industry before the word was coined ; a movement that dates back to

the nineties of last century, when the late Sir Joseph Whitworth proposed the adoption of standard screw threads for bolts and nuts in place of the many sizes and shapes then in common use. Under the influence of the Engineering Standards Committee, afterwards known as the British Engineering Standards Association, which appeared on the scene in 1901, this movement has made rapid progress, and is a not unimportant factor in the promotion of industrial and commercial efficiency.

It inevitably includes also what is known as "scientific management," involving the application of rational principles to all departments of the factory and workshop and to every variety of manufacture and industrial activities. Scientific management in its earliest application was a crude and inconsiderate method of speeding up work and reducing the worker to the position of an automaton or robot. Its underlying purpose undoubtedly was to direct and economise human effort in industrial production, but it was applied with an inhuman disregard of the psychology of the worker. It ignored the fact that many of the motions and attitudes it prescribed for the worker, and the rigid mechanical control it imposed upon him, interfered with the free functioning and individual adaptation of the worker to his job. It laid down, instead of the natural free rhythm of the work, a stiff and mechanical routine.

So far from securing by this means the rational use of labour power, the worker was antagonised, and his initiative was checked, with the result that scientific management acquired a bad name as a method of securing increased output, by placing the human factor in industry on the same level as the machine. But scientific management in its practical and theoretical application has acquired a wider significance. It covers on its technical side the whole problem of planning production, giving thought to the choice of site and the construction of buildings, the arrangement of workshops and the general lay-out of equipment and machinery, and the rational organisation of work, the movement of material and the supply of tools. It lays emphasis upon these factors rather than upon the regimentation and control, by means of stop-watches and motion studies, of the worker himself. The conception of a planned, orderly progression of the article undergoing the process of manufacture from stage to stage, the placing of tools and raw materials where the worker wants them, the careful dovetailing of the various stages of manufacture into one another, the elimination of totally unnecessary and wasted muscular effort in weight-lifting, awkward postures, stooping and stretching, proper regard for the human factor in industry—all these are elements in shop planning and management which are capable of general application.

In their development, the technician, the scientist, the psychologist must play their part along with the employers, the management and the Trade Union negotiators. They do not necessarily involve conflict of interest between the worker and employer, though it by no means follows that the workers' position will be automatically improved. It is obvious, however, that there are general advantages to be gained by the scientific organisation of industry in matters of production, administration, the planning of processes, the improvement of plant, the standardisation of products, simplification of methods, scientific costing, the elimination of waste in raw materials and power, in making the greatest possible use of machinery and labour-saving devices, and in promoting the most effective layout of work.

Not less beneficial from the point of view of economical production is the tendency towards the grouping of industry in large units and the elimination of unnecessary internal competition, with all the waste that is entailed, and, what is of more importance, the association of the Trade Unions more closely with the administration of industry.

Capitalist rationalisation presents dangers to the workers, and it is bound to be opposed unless proper steps are taken to safeguard the interests of labour. Bureaucratic administration, the further degradation of the worker to the level of a cog in

the machine, and the possibilities of a considerable displacement of labour—all these dangers must be faced. The worker must participate, through shorter hours, higher wages and improved conditions, in the improvements resulting from scientifically organised production, and the Trade Unions must participate in the control of rationalised industries and the determination of policy. A good illustration of Labour's policy of rationalisation is to be seen in the detailed plan for the reorganisation of the mining industry and its integration with the power and transport system, to which reference is made in another chapter. Those who will study the various schemes of the Labour Party will find, in spite of ignorant criticisms, that they escape from the reality of bureaucracy—a danger inherent in large-scale private enterprise—and the danger of political interference with the conduct of industry. Government intervention is restricted to the determination of questions of general policy. Management will be in the hands of those who are qualified to manage and who will be able to appraise, as technical experts, new developments of science and invention which are calculated to improve the organisation of industry, cheapen cost of production and secure stability and regularity of production.

Labour proposes to rationalise certain indus-

tries. Complete rationalisation is possible only in nationalised industries. The capitalist application of rationalisation is necessarily limited in scope. A completely rationalised industry or service will be one in which the basis of public ownership has been established and there is a completely unified control. Under such conditions every possibility of improved technique and organisation will be exploited, and there will be no private vested interests to obstruct the continuous application of science and invention, and the constant endeavour to simplify and standardise productive processes and methods of distribution, to eliminate waste of raw materials and power, and to promote better co-ordination in matters of finance, marketing, prices and so forth.

Rationalisation, then, is not regarded by Labour as an alternative to Socialism. Nor does Labour believe that the application of these principles in capitalist industry, by increasing efficiency, will strengthen the profit-making system against Socialism. As a matter of sheer logic, the attempt to organise the economic activities of a nation on rational lines will carry it to Socialism, for the intelligent and thoroughgoing application of these principles must lead to the supersession of the capitalist system of production for profit, and the inauguration of the Co-operative Commonwealth.

The process of rationalisation which is taking

place has originated amongst industrialists. But Governments have their responsibilities, and they cannot stand idly by whilst short-sighted, inefficient and individualistic employers fail to adapt their organisation and methods to modern needs. The standard of life of the citizens depends on industry, and those who control industry must be called upon to fulfil their responsibilities. If they fail to do so voluntarily, then clearly pressure must be exercised to compel efficient organisation and arrangement. A man who destroyed a valuable picture in a public art gallery would be imprisoned. But an employer who destroys British trade because of his reluctance to employ new methods and his unwillingness to sink his own commercial jealousy in the larger interests of the industry of which he is a part, is permitted to continue his inefficiency and to visit the results of it on his workpeople. The inspiration, guidance and assistance of the State are essential to drive inefficiency out of the industries on which the nation lives. Government reports of various kinds bring to light a story of inadequate and out-of-date machinery, poor equipment, bad lay-out of buildings and persistent individualism, all of which impair economic progress.

A few years ago a Committee was appointed by the Federated American Engineering Societies, and its Report * represents the " combined effort

* *Waste in Industry*, by the Committee on Elimination of Waste in Industry. McGraw-Hill Book Co., 1921.

of about eighty engineers and their associates." Investigations were carried out in 125 different plants, 103 other plants furnishing information. The results were an impressive indictment of those who control and manage industry, as the following table shows :—

Responsibility for Waste.

Industry.	Responsibility against Management.	Responsibility against Labour.	Responsibility against other factors.
Men's Clothing.	75 per cent.	16 per cent.	9 per cent.
Building . .	65 ,,	21 ,,	14 ,,
Printing . .	63 ,,	28 ,,	9 ,,
Boot and Shoe.	73 ,,	11 ,,	16 ,,
Metal Trades .	81 ,,	9 ,,	10 ,,
Textiles . .	50 ,,	10 ,,	40 ,,

The causes of productive loss are summarised as :—

Instability of labour employment ; inefficient management (*e.g.* lack of foresight and planning, lack of standards of performance and standardisation of tools and product, inadequate cost control methods, and transportation of materials) ; labour organisation rules and customs, waste of materials, and lack of research work.

While the emphasis on different factors may not be exactly the same in this country, it cannot be doubted that the general position is the same.

British management is not usually considered to be any more efficient than American management, and if the foregoing figures, from an independent source, are even a rough guide to the situation, by far the greatest responsibility for the shortcomings of our industries lies at the doors of the employers.

A Committee of Inquiry into Production, set up in 1922 by the National Joint Council, representing the Trades Union Congress General Council, the Labour Party Executive Committee, and the Parliamentary Labour Party, reported its conclusions as follows :—

" To sum up, we consider we are justified in concluding :—

(1) That productive efficiency in British industry is considerably lower than it might be and than it ought to be.

(2) That the responsibility for this inefficiency must be borne by the present system of industrial organisation and by employers, individually and collectively.

(3) That the principal sources of waste and inefficiency are :

(*a*) Workers' lack of status, responsibility and control.

(*b*) Absence of incentive to work for profit-making industry.

(*c*) Insecurity of workers and periods of unemployment.

(*d*) Effects of the trade cycle.
(*e*) Inadequate, defective and out-of-date machinery, plant, and equipment, defective lay-out of works, etc.
(*f*) Lack of co-ordination between industries and parts of industries.
(*g*) Defective organisation of works.
(*h*) Defects in the transport system.
(*i*) Deliberate restriction of output to maintain prices.
(*j*) Long hours, low wages and unhealthy conditions of work."

The Labour Party, if it provides industry with efficient key services—such as coal, power and transport—is entitled to ask for efficiency from the various trades so assisted. It would base progress on knowledge and experience, and it is with the object of ascertaining precisely the relative importance of the various factors which are hampering necessary developments or perpetuating depressed trade, and formulating a constructive policy, that the Labour Party has proposed to set up searching inquiries into the position of the cotton industry and the iron and steel trades. It is with the double object of humanising labour conditions and improving industrial efficiency that the Labour Party advocates the improvement and extension of the Factory, Mines, Merchant Shipping and other Acts dealing with conditions of employment.

The State, moreover, can assist in the wise development of industrial activities by promoting and encouraging research and by stimulating and assisting technical and advanced technological studies. Its influence should also be used in the direction of international rationalisation through greater economic co-operation, and the establishment of an international code of labour and economic legislation through international Conventions, with a view to the better organisation and utilisation of the world's economic resources and the establishment of reasonable conditions of employment.

The participation of the State and the organisations of the workers in the process of deliberate rationalisation on the lines suggested would rob it of its worst features, and would lay the foundations of a new system of industry devoted to the service and to the needs of the people.

CHAPTER XII

NATIONALISATION

THE reader who has followed me so far will have realised by now the Socialist basis of Labour policy. The Labour Party will, at the first opportunity, embark upon the application of its principle of social ownership and control to certain national services. Just as the unscrupulous Tory canvasser warns the thrifty housewife with a few pounds in a Co-operative Society or a savings bank that her savings would be confiscated by the Labour Government, so electioneering leaflets go so far as to declare that the Labour Party believes in the " nationalisation of women." Tory and Liberal propagandists seek to terrify electors by visions of a country in which everything is nationalised under the control of a " soulless bureaucracy."

It is, of course, impossible to stop political opponents from producing the most distorted pictures of the Labour Party's policy. The Party has no wish to deny its Socialist basis and its desire to expand the field of public enterprise,

as and when the opportunity arises, and as experience beckons us onward.

Labour and the Nation outlines the services to the nationalisation of which the Labour Party is committed.

"The land, both agricultural and urban, the production and distribution of the coal and power which are the life-blood of modern industry, the network of communications and transport which forms its veins and arteries, the control of the credit which regulates and lubricates the economic mechanism, the system of industrial life insurance needed to safeguard the worker against the risks confronting him, and through which he too often to-day is shamelessly exploited—these and other fundamental necessities are too vital to the welfare of the nation to be organised and exploited for private profit. Without haste, but without rest, with careful preparation, with the use of the best technical knowledge and managerial skill, and with due compensation to the persons affected, the Labour Party will vest their ownership in the nation, and their administration in authorities acting on the nation's behalf." *

It will be observed that the programme of

* Pp. 23–4. It may be observed that the question of industrial life insurance is now under consideration by a Committee of the Trades Union Congress and the Labour Party, with whom the organised workers in the industry will consult. Until a scheme is worked out, therefore, this proposal cannot rank as one for immediate application.

nationalisation covers the basic industries and services. These are the real " key industries " of the country, and, in the view of the Labour Party, their adaptation to public purposes and public needs is most essential for the best utilisation of our economic resources and possibilities.

There is little need to argue the close connection between banking policy and national well-being. The events of the years since the War have made the relation abundantly clear. The rhythm of our economic life is to-day determined by the financiers. The powers they wield are so great and so fraught with good or evil to the whole community that they ought not to remain in private hands. The Labour Party believes that the time is ripe for the establishment of new and closer relations between the Bank of England and the State. " The constitution of the Bank," the Labour Party asserts, " should be such as to ensure that, while the fullest use is made of expert knowledge and practical experience, the Bank shall be directly under public control, and that its governing body shall be responsible not merely, as at present, to individuals, but to the community." * It would vest the government of the Bank of England in the hands of a public corporation of a most responsible kind, containing representatives of the Treasury, the Board of

* *Labour and the Nation*, p. 26.

Trade, Industry, Labour and the Co-operative Movement. There would, therefore, be associated with the control of our central Bank those who are interested in the nation's finances and its trade, representatives of the industries and services and representatives of democratically organised consumers.

This step would go a long way to bring the whole banking system under public control. Two other problems of great importance as elements in a publicly controlled currency and credit system are, firstly, the maintenance of stable gold prices and the stabilisation of the purchasing power of money, and, secondly, the control of investment.

As regards the former, there is general agreement that this is a world problem rather than a national problem, and it has, indeed, been the subject of detailed discussion at an International Conference at Genoa, when it was suggested that the representatives of the Central Banks of different countries should meet periodically with a view to maintaining a stable level of gold prices. The Labour Party is in hearty agreement with international co-operation and action on these lines. As regards the second matter, it cannot be denied that a substantial proportion of the national savings and national credit are diverted into directions of investment which, from the broad point of view of the public interest, are

either useless or worse than useless. The Labour Party holds that services of national importance must be adequately financed before resources are placed at the disposal of enterprises concerned with luxuries or amusements. It is obvious that in allocating the aggregate savings of the people among the various undertakings requiring capital, regard should be had to the nature of the undertakings, and not merely to the profit which they might subsequently yield. Individual self-interest in these matters is not a safe guide. It is only by basing the allocation of new capital on considerations of real maximum advantage to the community, rather than on the narrower grounds of personal profit, that the best use will be made of the nation's savings.

The country has everything to gain from the most fruitful use of its capital and credit, and from stable purchasing power, and it is to these ends that the policy of the Labour Party is directed. It is with the same idea of utilising our resources to the best national advantage that the Labour Movement would make the land, the coal-mines and the transport system public property.

" The emancipation of agricultural land from the hampering restrictions of private ownership " lies at the foundation of Labour's policy for the agricultural industry. No one would be bold enough to say that the land of the country is used

to the best advantage. Much land is either water-logged or otherwise neglected, considerable areas are sacrificed to sport, other tracts of land are not yielding what they might. There is no satisfactory way out of this widespread misuse or waste of the land of the nation except its transfer to public hands.

In the view of the Labour Party, public ownership alone will ensure the best possible use of the land. In the first place, British agriculture is gravely handicapped because landowners too frequently fail to provide the necessary capital for the best use of land and to ensure the fulfilment of proper standards of husbandry. Moreover, should the State give assistance to agricultural industry, it is the landlord rather than the cultivator who ultimately reaps the benefit.

If, however, land were publicly owned, it would cease to be a pleasure-ground for the rich, and would become, on the one hand, a sound basis for a prosperous rural population, and, on the other, a source of enjoyment for the general public.

The Labour Party scheme for the nationalisation of land would provide for compensation; but it ought to be pointed out that it could not, in assessing the amount to be paid, undertake to pay for values created by public expenditure. The de-rating of agricultural land, for example, will inure to the advantage of the landlord, and it

would be absurd for the State to compensate him for this new value when his land is transferred to the community.

The Labour Party proposes that all agricultural holdings should be transferred to the State, and that landowners should be given land bonds which would be redeemable by a sinking fund provided from the economic rent of land. Existing agreements and customs and conditions of tenancy would continue under public ownership until modifications were required to meet new circumstances, but such matters would be settled by full consultation between the tenants and the County Agricultural Committee (representing the State or the County Council, as the case may be).

It is laid down in the Labour Party's official statement of policy on agriculture that

"Where tenure remains individual, as under present conditions, tenants will be secure in the possession of their holdings unless the land is required for public purposes or the tenant has proved himself to be a bad farmer. The efficient farmer, anxious to develop his holding and increase its productivity, need fear nothing from the change.

"We contemplate that County Agricultural Committees will, in suitable cases, cultivate land themselves on a considerable scale, though, of course, such public farming will not entirely supersede tenant farming, which will for long continue to be the normal method of tenure and

cultivation. The County Committees will possess wide powers to adapt their policy to the circumstances of their area. In some cases it may be found more advantageous to continue the system of tenant farming or small-holdings; in others to establish public utility companies or forms of collective or co-operative farming for cultivation of large tracts of land; in others, again, for the Committee themselves to cultivate such land as may seem to call for direct cultivation by the Public Authority." *

The document continues :—

" Under a system of public ownership of land there would be immense possibilities of treating the agricultural industry as a great public service, free from the many inefficient and haphazard methods that characterise its conduct to-day. Its direction, nationally and locally, should be in the hands of those best acquainted with the wide range of problems that concern the industry. Every endeavour should be made to minimise bureaucratic tendencies and to extend the co-operative efforts of those who seek to find their life's work in the development of agriculture and so render a full share of service to the nation." †

Space will not permit a detailed examination of Labour's agricultural policy. *Labour and the Nation* sets forth the aim of the Labour Party, which is :—

* *Labour's Policy on Agriculture* (The Labour Party), p. 6.
† *Ibid.*

"To foster the fullest and most effective use of the land as the necessary condition of rural prosperity, and simultaneously to raise the standard of life of the rural worker as the necessary condition of effective agriculture. But good farming is impossible without security for the farmer, without adequate facilities for credit on reasonable terms, and without a guarantee that the cream of the industry will not be skimmed by the middleman, or its profits swept away by fluctuations in prices which, as things are to-day, no foresight can anticipate. Nor can a tolerable standard of prosperity and comfort be made available for rural workers unless steps are taken to bring within their reach the amenities of civilisation which have hitherto been accessible to them. The economic problem of agriculture, and the social problem of rural life, must therefore, be attacked simultaneously." *

The coal-mines, like the land, are part of the nation's resources. But the nationalisation of the coal industry presents a different problem from that of the nationalisation of the land. In the latter case, the Labour Party proposes to transfer the land to public ownership, but not to nationalise the industry of agriculture, though under a system of public ownership of land both the State and local authorities would embark upon farming enterprises. In the former case, we propose not merely the transfer of the coal to the nation, but to

* *Labour and the Nation*, p. 30.

make the coal-mining industry a public enterprise. The Liberal Party and the Samuel Commission on the Coal Industry proposed the plan which is broadly that of the Labour Party as regards land; that is to say, they suggested the nationalisation of the mineral, but not of the mines.

There is no industry which has been more continuously before the public than the coal industry. During the Great War miners enrolled in the fighting forces in such numbers that the industry was gravely imperilled, and many of them had been brought home from the front. Whilst the War was in progress they did not exploit their economic power; but after the Armistice they demanded a measure of overdue justice. Mr. Lloyd George appointed a Royal Commission to consider the whole question of the coal industry, and it was generally understood that its findings would be accepted. When, however, the Commission reported, it was found that the Chairman, Mr. Justice Sankey, and the representatives of Labour favoured nationalisation. Nothing was done to reconstruct the industry, and it passed through crisis after crisis. Grave unemployment afflicted the mining areas on an unprecedented scale. In 1925 the Government of the day was driven to provide a subsidy, and in the meanwhile to appoint another Royal Commission to investigate the situation and report.

Though the only solution of the employers was lower wages, longer hours, and the destruction of national agreements in the industry, the evidence which the Commission heard and its examination of the facts led it to pronounce in favour of the nationalisation of minerals and the right of municipalities to undertake the retail sale of coal. It recognised that amalgamation must be pressed forward. It appreciated the value of proper marketing arrangements, and it emphasised the importance in the future of the scientific treatment of coal.

The Commission, in fact, though not in its detailed recommendations, conceded the case presented to it by the Labour Movement, but substituted " rationalisation " for nationalisation. The evidence which was submitted to the Samuel Commission represented the views, not only of the Miners' Federation of Great Britain, but also of the Trades Union Congress and the Labour Party, all of whom had been concerned in the formulation of Labour policy on this question.

The Labour Movement believes not only in the nationalisation of our coal resources, but also in the public ownership of the industry which raises and markets coal. It justifies this policy on grounds of efficiency. It believes, moreover, that the prosperity of the coal industry depends, not only on its consolidation in public hands, but also on

the development within the industry of the processes of coal distillation by means of which the hidden resources in coal are made available. The Labour Movement suggests that " the coal industry should become an organisation for mining coal, manufacturing electrical power on a very large scale, making both coke and smokeless fuel, and producing, in addition, gas, fuel oils, ammonium compounds, chemical base materials from tars and other by-products." *

At the present time the utilisation of coal and the production of electricity, gas, coke and by-products have been developed outside the mining industry. Many collieries, it is true, generate electrical power and have as ancilliary undertakings coke ovens and by-product works. But these have not been developed as an integral part of the mining industry; they have not been regarded by the coal owners as forming part of the coal industry, and the accountancy of the mining industry as it affects wages and profits has been based entirely upon the production and sale of raw coal. The prosperity of the mining industry, in the view of the Labour Movement, depends upon its reorganisation and its unification, linking together mining of coal, manufacture of electrical power on a very large scale, the making of both coke and smokeless fuel and other products.

* *Coal and Commonsense ; Labour's Scheme for the Future of the Coal Industry*, p. 12.

These are to be developed in connection with a large national scheme of power supply and distribution, and with plans for the further electrification of railways. To bring this large and far-reaching scheme into operation it is proposed to set up a Power and Transport Commission, composed of members with an expert knowledge of coal, electricity, gas and transport, commercial questions and labour questions, and whose business it will be to survey the problems of power and transport development; to undertake and administer inter-connection of generating and transmission of power; to lay down conditions governing power and transport undertakings; and to co-operate with the Department of Scientific and Industrial Research in the promotion of research into power production, coal by-products and kindred questions.

This Power and Transport Commission will lay down the broad lines of policy and supervise its execution, through a National Coal and Power Production Council, so far as coal and power are concerned, and through the machinery established for the control of the transport system. The former body will be charged with the duty of supervising all the internal affairs of the industry, of securing the most efficient methods of producing and treating coal, and of seeing that the entire industry is properly conducted. Some of the powers of this Coal and Production Council will

be devolved upon provincial councils, and they in turn will work through pit and works' Committees, which will have responsibilities in advising the management on all questions concerning safety, health, output, equipment, lay-out and organisation of work within their own limits of authority. The principle is observed throughout of associating the manual workers with the executive and administrative officials and technicians in the sphere of management. The prime object of these arrangements is to bring to the assistance of the industry the skill, experience and knowledge possessed by all those who are engaged in it. Upon their co-operation, in the view of organised Labour, depends the possibility of restoring the prosperity of the mining industry.

An essential principle of the scheme is that the actual conduct of the industry shall be in the hands of those who are qualified by knowledge and experience to manage it, with a single eye to efficiency and economy, and with a readiness to accept every new development in science and inventions, in the technique of management, in the use of labour-saving machinery, and so forth. Under the system of private ownership the first concern of the management is not economy and efficiency, but profit. Obsolete machinery and antiquated methods hold sway as long as there is a possibility of obtaining profits by their use, and vested interests

impede every attempt at reorganisation, the amalgamation of individual enterprises, centralised operation in the purchase and distribution of pit props, machinery and other essentials, and all the other applications of the principle of rational organisation which the industry requires.

Along the lines suggested by the Labour Movement, the coal industry would be rescued from the morass in which it is floundering and the miners and their families from recourse to the Poor Law and to charity. This vital industry, properly organised, intelligently directed, and developed as Labour proposes, would become again a valuable national asset.

Though transport stands with banking, the land, and the mining industry as one of the major services, its future presents different problems. Both nationalisation and "rationalisation," with a public purpose, need to be applied to its complexities.

Transport is one of the fundamental services of modern life. It is, indeed, one on which all other industries and services depend in greater or less degree. With the development of modern industry and trade, the importance of transport has been enormously increased, for large-scale production and the imperative need for wider areas of distribution and more distant markets have necessitated better transport facilities. The

changes which have taken place in the organisation and methods of transport are no less striking and far-reaching than those which we have witnessed in productive industries. The increased power and efficiency of the locomotive, the partial electrification of the railways, the development of the road system and the enormous growth of road motor transport, the technical improvements which have taken place in the docks, the improved speed and efficiency of sea-going vessels and the birth of civil aviation have in recent years wrought a revolution in the transport service.

But the rapidity with which developments have taken place, and the large number of interests, often competitive, which are concerned, have left us with the problem of effective co-ordination.

The nation's system of transport is a complicated structure, the various component parts of which are at different stages of development. The railway system, which forms the backbone of the whole structure, is well established and highly organised. It is linked with canals and road transport on the one hand, and with coastwise transport and docks on the other. The system of road transport is in process of rapid development, but has already become an integral part of the general system of transport. It is not as yet highly organised, though on the passenger side there is a considerable degree of organisation and

a measure of public ownership. Internal waterways have become a less important factor in recent years, for a variety of reasons, and their permanent place in the national system needs to be reconsidered. The official inquiries which have been held have concluded that the canals should be maintained and that they should be co-ordinated. Coastwise shipping is responsible for only a small fraction of the total transport of goods, but the growth of road transport, it has been suggested, may lead to the development of ports and coastwise traffic. Docks and harbours are the termini of a large volume of transport, and their efficient organisation with a view to the cheap and speedy handling of goods is essential to an effective transport system. Civil aviation is still in its infancy.

This system of various forms of transport, often competitive in their operation, presents a problem of very great complexity. The major problem is that of co-ordinating the various forms of transport so as to form a unified system working to secure maximum efficiency in the interests of the industries and people of the country. This problem can only be effectively solved by ultimately bringing the primary forms of transport under public ownership and control—national and local. But whilst the railways might, without practical difficulty, be transferred to the State,

whilst tramway and omnibus services are already in many areas owned and operated by local authorities, and whilst the roads are public highways on which a large amount of public money has been expended, commercial road transport, which is a relatively new development, and a large amount of water transport—internal and coastwise—are not sufficiently integrated and organised to be merged at present in the more highly organised and more firmly established forms of transport.

On the one hand, therefore, the Labour Movement will work for the nationalisation of railways and the extension of municipal transport enterprises. On the other hand, its task will be to promote improved organisation in other forms of transport, to introduce the " public utility " spirit, to secure the proper protection of the public, and to establish reasonable conditions of employment for the workers concerned.

The Labour Party's policy for dealing with the land, coal, power and transport, would carry us a considerable distance along the way towards a Co-operative Commonwealth. In what directions further developments would proceed would depend upon circumstances and national needs. It appears probable that there will be a growth of bulk purchase and marketing of raw materials under public auspices; whilst in the manu-

facturing industries, the process of encroaching control, through increasing supervision, greater publicity and the enforcement of conditions to prevent profiteering, will render the transition to complete public ownership, with the appropriate form of administration, relatively simpler. It is fairly certain that every new step in nationalisation will teach us new lessons in the method and machinery of public control. Experience will enable us to profit by errors and shortcomings in the past, and to improve technique in the future. But at whatever rate and in whatever directions nationalisation proceeds, it will be based upon proved success and living experience, and will develop in harmony with the will of the people.

CHAPTER XIII

FINANCE AND TAXATION

It is assumed by the opponents of the Labour Party that it has no sense of responsibility so far as public finance is concerned. It is denounced by the ignorant as a spendthrift party. The truth is that the Party has a sense of perspective which enables it to view the various problems confronting the nation in their proper proportions. What the average Conservative politician regards as economy is from the point of view of the Labour Party the wildest national extravagance. What to the Tory mind seems to be financial profligacy is to the Socialist a necessary expenditure in the nature of insurance or investment.

The Labour Party is determined that the social services shall be developed, so that there shall be reasonable opportunities of growth and development for every citizen and every potential citizen. It is convinced that the mere tolerance of destitution, preventable disease and avoidable unemployment involves a fantastic waste of the nation's material resources. It believes that it is cheaper and socially more advantageous to root out social

evils and to ensure civilised conditions of life for all than to tinker with the results of evil conditions. It would, for example, have been a wise investment for the nation, had thought, effort and money been devoted to averting the catastrophic crash of trade in 1920–1921. It would certainly have been of both economic and social advantage to have ensured the health of the rising population, or to have built twice as many houses as we have actually erected since the war. Expenditure which raises the standard of life, health and efficiency is an investment which promotes human well-being and lightens the burden of future taxation.

The Labour Party regards public expenditure from the point of view of its productiveness to the community. Whilst, therefore, it desires to expand the great social services, it would welcome a reduction of expenditure on unproductive services. The nation is encumbered with an enormous war debt, the annual expenditure on which is a stumbling-block in the way of the development of fruitful social services, and the taxpayers are saddled year by year, in the aftermath of the Great War which was to end war, and when there are no visible " enemies " bent on our destruction, with an annual expenditure of £114 millions on the fighting services.

In the next place, the Labour Party holds that taxation must be levied in accordance with

" ability to pay." It is absurd to heap taxation on that stratum of the population which finds it impossible, or almost impossible, to maintain a modest standard of life, more especially if there is a section of the people enjoying incomes far beyond reasonable needs, and whose resources come wholly or in part from inherited wealth.

The Labour Party would bring a true sense of perspective to bear upon both the various items of national expenditure and the manner in which the necessary revenue is raised. On the one hand, it would expand the services which enrich the life of the nation, and, on the other, place the burden of taxation on the broadest backs.

The Tory Party's policy in the sphere of National Finance is diametrically opposed to that of the Labour Party. The Conservatives view with the greatest apprehension any suggestion to restrict expenditure on armaments, and they are loath to expand expenditure on social provision. They continually cry for economy, by which they mean lower taxes for the rich and restrictions on State expenditure for social purposes. The record of Mr. Churchill's administration from 1924 to 1929 illustrates the methods of Tory finance. In his first Budget he reduced the income tax by sixpence in the pound, at a time when the state of the nation's finances and its needs did not warrant any such remission of taxation. For the great

mass of people he has pursued the policy of what is euphemistically called " broadening the basis of taxation," which in blunt terms means throwing greater burdens on the backs of the great mass of the population. He increased indirect taxation by £38 millions a year, though in his last Budget, as an electioneering device, he abolished the Tea Duty. A series of absurd import duties were placed on articles of common consumption, and in a desperate attempt to find a new source of revenue, Mr. Churchill invented his futile betting tax, which proved to be an ignominious failure, and which he had to abolish. Mr. Churchill's ramshackle scheme of finance also included a series of petty economies at the expense of great national schemes. He raided the Navy, Army and Air Force Insurance Fund, and reduced the State's contribution to both the National Health Insurance Fund and the Unemployment Insurance Fund, from which insured workers draw the respective benefits to which they are entitled under these schemes. His most daring daylight robbery was his raiding of the Road Fund.

In its endeavours to secure " economy," which, as I have already said, means to the Tory mind the restriction of social expenditure, the Government of which Mr. Churchill was a distinguished member attempted, fortunately without success, to foist a system of stabilised block grants on the

local Education Authorities. It reduced the housing subsidy in October, 1927, with the result that house-building was substantially reduced, and yet nevertheless decided on a further reduction, to take effect in October, 1929. It inaugurated in its Local Government Act a new system of Exchequer grants to local authorities with the deliberate object of restricting Exchequer expenditure on the social services.

In the meantime, Mr. Churchill resorted to every possible device to convince the public that the nation's finances were on a sound basis. He even produced a mystical surplus at the end of the financial year 1928–1929 by methods which so august an organ as *The Times* described as "clandestine burglary" and even as "open robbery."

This period of over four years of Tory administration throws into sharp contrast the policy of the Labour Party, which seeks the wise expansion of fruitful services and restriction of wasteful and unproductive expenditure, and the raising of the necessary revenue in accordance with the taxpayer's "ability to pay" and with the minimum of economic disturbance.

If the nationally and locally administered services which the Labour Party deems to be essential are to be developed, new resources must be liberated, either by a reduction of other forms

of expenditure or by new revenue, or by both means. The Labour Party is the true " economy " party. It would wage war on unnecessary and uneconomic expenditure, and endeavour to secure full value for every pound spent by the Government. These are the only forms which economy can take. To secure a saving of expenditure at the cost of a restriction or stabilisation of essential public services, such, for example, as education, public health or housing and town planning, is not economy, but a means of casting the burden on other shoulders, and changing its currency from pounds, shillings and pence to human lives and human health and well-being.

But a mere diversion of resources from wasteful to more socially useful forms of expenditure will not be sufficient to repair the failure of past Governments to stamp out remediable social evils, or to satisfy the hitherto unsatisfied human needs of large numbers of citizens. In the long run the result of the policy of preventing or securing the early treatment of social evils and of extending opportunities for human development will be to diminish the call on the taxpayer for resources to cope with the inevitable consequences of social neglect. But, in the meantime, the community must foot the bill to repair the damage which half-hearted measures or neglect in the past have wrought.

The Labour Party's taxation policy is to readjust the burdens which the various classes of taxpayers carry. Thus it would abolish the indirect taxes on food and necessaries and realise the "free breakfast table" of which the Liberal Party has spoken so long, but never achieved. It would also lighten the pressure of direct taxation on the income-tax payers at the lower end of the scale. But such remission of taxation implies a steeper graduation of the income tax and the surtax on the larger incomes, a greater differentiation between earned and unearned income, and a heavier toll on inherited wealth. The Labour Party would also raise revenue by the taxation of land values.

To the Labour Party the instrument of taxation is a means of redressing in some degree the disparities in the distribution of wealth. Before the Great War, according to Professor Bowley, one-seventeenth of the population received one half of the national income, and there is no reason for believing that at the present time the proportions have appreciably changed. In 1919 the Board of Inland Revenue estimated that the aggregate value of property in private hands in the United Kingdom was £15,000 million. According to Sir Josiah Stamp, one fifty-fourth of the population owned 70 per cent. of this property, and $\frac{1}{590}$th of the population owned one-third. To put it another way, 900,000 people owned seven

out of every ten pounds of the property in private hands, whilst a handful of 36,000 people owned no less than one-third. In the opinion of Professor Henry Clay, " it is probably safe to say that over two-thirds of the national capital is held by less than 2 per cent. of the people," and, he says, " Capital in this country is much more concentrated than it is in any other country. A levy on all estates over £5,000 would leave over 98 per cent. of the population untouched." Notwithstanding the hard times through which the country has passed in the last few years, the rich remain rich. In 1922–1923, 90,000 persons paid super-tax and enjoyed in the aggregate an income of £516 millions a year. In 1926–1927 the super-tax payers numbered 98,000, with a total income of £568 million. On the other hand, large numbers of honest, diligent and self-respecting people exist in penury.

Those who oppose the Labour Party, and particularly those whose lives lie in easy places, condemn the Labour Party's policy as predatory and punitive, assuming that the party is conducting a personal vendetta against those who are the possessors of large wealth. The truth is that both the rich and the poor are regarded by the Labour Party as pathological phenomena, the inevitable result of the present topsy-turvy economic system. The handful of very rich

people and the multitude of the poor are manifestations of an order which none but the most hidebound individualist would care to defend. And it is certainly the duty of the State, so long as wealth is massed in the hands of the few, whilst numbers of self-respecting citizens are compelled to deny themselves and their children the reasonable decencies, refinements and comforts of life, and whilst poverty exists in the midst of plenty, to use its machinery of taxation to utilise the surplus of the well-to-do for the development of that collective provision which is the only practicable means of supplying the conditions of a civilised life to the masses of the people.

It is, moreover, often urged against taxation in general, and more particularly against the Labour Party's policy, that taxes divert resources which would otherwise be used productively in industry or trade to unproductive purposes. This view is based on three assumptions. In the first place, it is held that if money were not paid in taxes, it would be invested in business enterprises, and thereby increase employment and the national productivity. The second assumption, equally untenable, is that public expenditure does not yield an economic return. Thirdly, it is assumed that social ends are of no importance. The Labour Party challenges all three assumptions. In the

first place, it by no means follows that if the taxpayer is relieved of taxation he will devote the money thus released for his personal use to investments in productive enterprises. He may use it in maintaining a son in idleness, in an unnecessary holiday, in buying pictures which ought to be in a public gallery for the enjoyment of all, in more luxuries for himself and his family, and, indeed, in many ways which do not add to the productive power of the nation.

In the next place, the Labour Party cannot accept the principle that all public expenditure is economic waste. If, for example, a man who expended large sums in luxurious living were deprived by the Exchequer of £5,000, and that sum were used to subsidise the building of one hundred houses, or to assist in a scheme for draining land now water-logged, it would obviously be to the national advantage economically, for the community would be providing itself with new assets. Even if it be the case that the taxpayer would devote the money he pays in taxes to industrial investments, it by no means follows that the services to which it may be put by the State would be less economically advantageous. To take an extreme case, the man who invested his surplus in a mythical gold mine would do his country no real service, though an equivalent investment through the State for the purpose of

providing capital resources for the self-development of the resources of India or some Crown Colony would be of permanent value.

Finally, it cannot be conceded that material advantage is invariably of greater national benefit than the more imponderable and less calculable social advantages to be obtained from wise public expenditure. If a nation has spent its treasure on occasions in the past in defence of its honour, disclaiming ulterior material ends, it has conceded the point that other than purely financial considerations may be involved in public expenditure. To the Labour Party, human quality and human well-being rank before economic advantage, and even if its social policy did not in the long run prove to be economically sound—and there is no doubt it would—it would still regard it as a matter of national honour that essential human needs should be satisfied.

As I have written elsewhere, " the fundamental problem of statesmanship is not industry, or trade or finance. These are but the handmaidens of a nation of men, women and children. The fundamental task of statesmanship is the maintenance and improvement of human quality. In this task industry has its part to play. Industry exists for man, and not man for industry, and industry must open its mind to the realisation of the great need for the satisfaction of reasonable human wants and

the eradication of those evils which impoverish the nation and impair the efficiency and the usefulness of its citizens." * And financial resources must be made available for the common services which will secure the satisfaction of the human needs of all the people.

The Labour Party does not, however, regard the instrument of taxation as the primary method of eliminating the twin evils of poverty and excessive and demoralising personal riches. The disparity which exists is a product of our economic system, and the use of taxation as a means of bridging the gap by heavier taxation on the rich in order to assist in the provision of the necessary collective services to satisfy the human needs of the poor—necessary though that may be—is merely the device for making the best of a bad job.

The policy of the Labour Party is directed against the mal-distribution of wealth and towards an efficient economic system, which would yield its fruits to the many rather than the few. Under a system of public ownership and public control, the advantages would be shared by all, in cheaper services and a higher standard of life. Opportunities for personal enrichment would be gradually restricted, and the chasm which divides our society to-day into rich and poor would gradually close.

* *Some Neglected Factors in Production* (Manchester Statistical Society, 1929).

In the meantime, possessors of wealth cannot be permitted to shirk their responsibilities, and the system of taxation must be used to divert personal wealth to socially desirable public uses.

PART IV

INTERNATIONAL POLICY

CHAPTER XIV

TRADE AND TARIFFS

WITH a population of about 44 millions in Great Britain, this country possesses a large and important home market, and one, moreover, which is capable of great expansion. But such an expansion depends upon the existence of prosperous foreign markets. Great numbers of industrial workers, when in employment, are engaged upon satisfying the needs of people abroad, and their purchasing power in the home market depends upon foreign trade. The expansion of the home market is, therefore, largely dependent on overseas commerce. Agriculture and other home industries might be developed to the full, but unless coal and coal products, cotton and other textile fabrics, engineering goods and so forth are exported in substantial quantities, there must be a fall in the standard of life of the people. The productive capacity of the cotton industry—and

the same is true of other manufacturing trades—is such that it could not be fully utilised by any conceivable home demand. About four-fifths of the production of the Lancashire textile industry goes abroad, and there is not the remotest likelihood of British consumers carrying off the total output of Lancashire looms.

The question of foreign markets is, therefore, one of vital importance for this country, and points to the necessity for Labour's international policy. Any steps which can be taken to help the economic development of the peoples of the world, assists the creation of markets. The Labour Party believes whole-heartedly in the promotion of full international co-operation, and in the wise development of the world's economic resources.

Unfortunately, the break-up of national territories after the War and the rise of a nascent economic nationalism, together with other post-War economic difficulties, have led to the extension of protective duties and the raising of higher tariff walls. The Labour Party supports the conclusions of the International Economic Conference of 1927, that tariff barriers are an impediment to commerce. So far as this country is concerned, the Labour Party takes practical objection to Protection as a fiscal policy, and has invariably opposed the imposition of protective duties. Whilst it may be true that particular

industries may gain by a tariff, there is no national advantage in assisting individual trades at the expense of employment in other industries and of the general body of consumers.

In an established country, which imports a large volume of food and raw materials, which relies mainly on its exports to employ and maintain a great section of its people, a protectionist policy is clearly against the national interest. The Tory Party clings tenaciously to Protection, and claims it as a pathway to higher wages and more regular employment. The facts do not, however, justify this claim. The evils from which the workers suffer exist in Protectionist and Free Trade countries alike. Unemployment and poverty exist whether there is a tariff wall or free imports. They are conditions which obtain wherever profit is a primary condition. The fiscal system may assist or retard trade, but it cannot solve the fundamental problems of working-class life.

It does not, however, follow that world commerce should be left totally unregulated. As I have already indicated, the Socialist conception of organised and orderly relations must be applied internationally. Unregulated competition in the world's markets is as indefensible as unregulated competition within the bounds of a particular country.

The expansion of markets, the growth of a host of competitors in a large number of staple industries, the ever-widening activities of Capitalism, have rendered imperative the extension of the rule of industrial legislation to the wider sphere.

Wherever it is possible to widen the area of common standards and conditions, the Labour Party will support the movement. It recognises that individualism is a vice which applies as much to peoples as to persons. The development of national individuality and the full expression of the national genius are to be welcomed, but national antagonisms arising from material motives are short-sighted and injurious to the best interests of the human race. Tariffs are an expression of national individualism. International regulation is the embodiment of the spirit of co-operation between nations.

Hence it is, as I have said in an earlier chapter dealing with the international outlook of the Labour Party, that we are firm supporters of the activities of the Economic Section of the League of Nations and the International Labour Organisation.

From the former we expect the ultimate regulation of the world's economic life, and from the latter the establishment of a rising standard of life and improved working conditions throughout the world. The British Labour Party has proposed

that a National Economic Council should be set up to survey and study economic tendencies and developments. It is desirable that such an organisation, recording economic changes, observing their reactions, and making constructive suggestions, should be set up in all countries. It is equally desirable that the Economic Section of the League of Nations, through a representative international body, should be the eyes and ears of the world as a whole, collating the tendencies and the experience of various nations, registering the directions of economic development, noting the cloud which is no bigger than a man's hand, but which may overcloud the sky, pointing the way to the most advantageous organisation and utilisation of the world's natural resources and to methods of closer economic co-operation.

Minerals are limited in supply; crops are not capable of indefinite increase; the raw materials of industry and life must be husbanded and used to the general advantage; economic frontiers raised by artificial tariffs must be scaled; means of communication must be knit closer together; means of transport must be developed under international auspices.

We must grapple with our international economic problems through an international economic organisation, and by the use of international agreements. International trusts and

combines and the cosmopolitan ramifications of finance must be supervised, and, indeed, controlled from the point of view of international well-being. The economic exploitation of native races by the capitalists of industrialised nations must be prohibited, and their economic resources wisely developed in the interests of the native races themselves and of the wider world.

The Economic Section of the League of Nations provides a machinery whereby the progressive and orderly economic development of the world can be expressed through international law—that is to say, through International Economic Conventions, ratified by the various States.

With the growth of State enterprise in industry and trade, it is essential that the League should establish an international code governing the relations between a State enterprise and individuals outside the jurisdiction of the State concerned. The problem of Socialist enterprises will become more important with the passage of time, and there should be an international tribunal to which a Government or its citizens might appeal in case of disagreement arising from trading with a foreign Government, and where there is no available legal remedy.

One of the difficult problems of the future, and one to which reference has already been made, is the rivalry and friction arising from the

exploitation of economically backward areas, both non-self-governing and nominally self-governing territories.

It is the view of the Labour Party that all mandated and other comparable territories should adopt the policy of the "open door," and should have freedom of trade with all countries, on the lines indicated in the most generous mandates of the League of Nations, and under the same general conditions of report and enforcement by the League.

Moreover, a Government which considers itself or its citizens unfairly treated (*a*) by reason of special rights within its territory exercised by a foreign government or by foreign nationals, or (*b*) by reason of the terms or non-fulfilment, or consequences of an international loan, contract or concession, and can show that such treatment has, or is likely to have, consequences sufficiently important to constitute an appreciable source of international friction, should have the right of appeal to the League for special investigation and report. Where some form of external supervision is still considered necessary it should be undertaken by the League.

All international loans, contracts and concessions relating to armaments should be registered with, and full particulars published by, the League, and should become effective only with the sanction

of the League. Such sanction should be granted only if the League is satisfied that the provisions of any Disarmament Treaty in force for the time being are observed. In view of the grave dangers arising from the claims by governments to intervene on behalf of their nationals in the competition for concessions in other countries, and to use armed force in defence of the property of their nationals in other countries, an immediate special conference of the League should be held to consider how these dangers to world peace may be removed. The problem is undoubtedly a complex one, but its complexity is not greater than its gravity.

On the question of tariffs and trade barriers generally, the Labour Party believes that definite action should be taken by the League, with a view to the establishment of International Conventions extending the " most-favoured-nation policy " to all countries, and agreeing to a progressive reduction of protective customs barriers, and the removal of special barriers designed to meet special post-war conditions. The Party would also welcome agreement and standardisation on such important practical matters as the nomenclature of international commerce, patent laws, the validity of contracts, trade marks and so forth.

It is clear that the evolution of an effective international code of economic legislation and

regulation will be a difficult process, impeded by national antagonisms and cosmopolitan economic interests. But national regulation and orderly development cannot live side by side with international anarchy. Understandings, agreements and binding obligations of a world-wide character are indispensable to the economic progress of the world and its peoples.

Whilst it is important to organise world economic relations, it is equally important that the productivity of the world should be increased. Deliberate international policy may assist in enlarging the world's output of goods and services. Far-seeing nations will assist in the movement by fertilising countries with which they have close associations, and such other countries as offer opportunities, with capital and credit. It is a definite part of the Labour Party's policy, for example, to promote the development of the British Commonwealth, and indeed of other countries, as, for example, Russia.

If traders were to select their customers from those whose political views they approved, it would work a revolution in industry and trade. The shopkeeper is less concerned with the orthodoxy or otherwise of the politics of his clients than with his prosperity. The same attitude of mind has generally prevailed as regards trade between nations, until the establishment of a Communist

Republic in Russia. The truth is that, putting prejudice aside, and adopting the previously accepted doctrine that the internal affairs of a nation are no concern of its neighbours, Russia contains a vast population whose standard of life is below that of the Western nations, and possesses vast economic resources which are as yet undeveloped. It is, therefore, a potential market of the first magnitude, and political hostility to the present régime ought not to warp our economic judgment. Business men are now realising that political prejudice is an obstacle to trade relations.

It is obviously in the best interests of the world that the resources of undeveloped countries should be made available, and that new and prosperous markets should be created. The wise use of capital and credit for the development of economic possibilities in other lands is therefore a sane and sound policy, and one which the Labour Party heartily approves.

Internationally we are faced with the same problem of labour exploitation as every industrialised country has had to face as a national unit. In laying down the principles on which Labour policy is based, I explained that the Labour Party strongly supports international labour legislation. In the days before the War, the International Association for Labour Legislation, work-

ing on a voluntary basis, and seeking to secure the establishment of common international labour standards, received the active assistance of organised labour ; and the Trade Union Movement has identified itself closely with the activities of the International Labour Organisation of the League of Nations. The British Trades Union Congress and the Labour Party have urged the ratification by the British Government of the various International Labour Conventions formulated by the International Labour Conferences.

It needs little argument to make it clear that the more highly industrialised nations have nothing to fear from steps which will improve the labour conditions amongst less developed peoples ; whilst the prevention of degradation in conditions of employment in countries embarking on industrial activities will avert the excesses from which Britain suffered when passing through the throes of the Industrial Revolution.

A series of important Conventions have already been adopted at Geneva, but the leading industrial countries have not as an invariable rule honoured them by ratification. One of the most important of these Conventions is that relating to hours of labour in industrial undertakings which was signed at Washington. The attitude of this country has unfortunately rendered the Hours Convention ineffective, and in 1929 the British Government

actually made a proposal for modification, but it was fortunately defeated by the Conference at Geneva.

The Conventions which have so far been adopted cover a wide range of subjects, for example, night work by women and young persons, the minimum age of employment, the employment of women before and after child-birth, the weekly rest day in industry, the use of white lead, etc. These various Conventions form the basis of a developing code of international legislation for the establishment of minimum conditions of employment for employed workers everywhere. But it is not sufficient merely to reach international agreement on industrial questions affecting economic efficiency and the welfare of the worker. Two further stages are essential. In the first place, these agreements or Conventions must be ratified by the various States and implemented by the necessary legislation. In the second place, there must be some machinery for enforcement.

The Labour Party proposes that the persistent refusal by a nation to adopt and carry into effect a Convention should be followed by the exclusion, by all signatory States, of goods produced under conditions less favourable than those laid down in the Convention.

Precedents exist for a complete prohibition of certain imports, *e.g.* books infringing the Copyright

Acts, and goods proved to have been made in foreign prisons, whilst the action of British and other cocoa manufacturers in boycotting cocoa produced under slave conditions, and of Trade Unions in boycotting "sweated" goods, supply precedents of effective voluntary action in imposing a boycott.

The Labour Party believes that the existing machinery laid down in the Treaty of Peace should be utilised, but it should be supplemented by a resolution of an International Labour Conference binding the signatories to enforce a boycott against goods the production of which has been proved to have been carried on under conditions not in conformity with an International Convention, whether the nation concerned has or has not ratified the Convention.*

By the whole-hearted co-operation of the nations, in spite of all the practical difficulties which undoubtedly stand in the way, it will be possible both to enlarge the area of international labour regulation and to secure its effective enforcement. This process of extending the rule of law will raise the status and conditions of labour in all countries, and will raise the standard of life and increase purchasing power to the general advantage of the trade of the world.

* Detailed proposals will be found in *Sweated Imports and International Labour Standards,* a Report of a Committee of the Labour Party.

CHAPTER XV

THE BRITISH COMMONWEALTH

An outstanding feature of post-war politics has been the development of the British Commonwealth of Nations. It has given a new meaning to the term "Imperialism." In the past the Empire has been regarded as a theatre of commercial exploitation, with its directing centre in Whitehall. The intelligent citizen realises that to refer to-day to self-governing Dominions as "colonies" is as antiquated as it would be to refer to them as plantations. Even school children no longer believe that the places coloured red on the map of the world are the property of Great Britain. The British Empire has discarded its very name, and does not now call itself an Empire: its official title is the British Commonwealth of Nations—the name given to it in the Irish Treaty, which established the Irish Free State. Within this Commonwealth the notion of dependency, subordination to a central authority, exercising sovereign right as a colonising country, though still dominating the Diehard mind, is ceasing to have any meaning amongst sensible people. It

would be impossible to convince the people of Canada, Australia, New Zealand, South Africa or the Irish Free State that the sovereignty of any one of these countries was in any way inferior to that enjoyed by the United Kingdom.

Nor are the self-governing Dominions alone in their enjoyment of the belief that the supremacy over them of the United Kingdom, its Parliament and Government, is a mere political fiction. It may be a theoretical, but it is not a practical fact. Membership of the Imperial Conference and of the League of Nations which symbolises the independent nationhood of Canada, Australia, New Zealand, South Africa and the Irish Free State, does not place them in a different position in actual practice from that occupied by Newfoundland, which is not a member of the League of Nations, although it has representation in the Imperial Conference. And the realities of self-government mean as much to the people of Malta and Southern Rhodesia as to Newfoundland, although they have no place either in the League of Nations or in the Imperial Conference. There are Crown Colonies which do not enjoy responsible government in the technical sense, but do not acknowledge anything more than a merely nominal control of their Executive Government by the Secretary of State for the Colonies. Indeed, when all qualifications and exceptions are

made, the area of what has been called our "Dependent Empire" forms a very small proportion of the 12,389,874 square miles which wear a red tint on the map. To the true-blue Imperialist, Crown Colonies, protectorates, protected States, mandated territories and India are the Empire, the "great undeveloped estate" belonging to the imperial race that populates the British Isles. These are "the white man's burden."

But the Kiplingite imperialist is apt to forget that some parts of the "dependent Empire" are not ruled by the British Government: they are under the control of Dominion Governments. Australia, New Zealand, South Africa also have dependencies and hold mandated territories. Even India, greatest of the dependencies, has the status of a member of the League of Nations and a voice in the Imperial Conference.

The truth is that the British Commonwealth of Nations is as much a misnomer as the title of "British Empire." It applies as a name and description to countries and peoples in every stage of political and economic development, and undergoing a continuous process of evolution. In some countries of the Commonwealth responsible government dates back for three-quarters of a century and more; in others it is the development of quite recent years. We have seen since the War the creation of a new self-governing

dominion through the establishment of the Irish Free State. We are witnessing the evolution of a new self-governing dominion under the operation of the Government of India Act, 1919, even though the rate of progress may not be universally regarded as sufficiently rapid. Before our eyes there are important changes taking place in the status and constitution of non-self-governing colonies and protectorates. In all parts of the Commonwealth the process of constitutional reorganisation, and the extension of the principle of responsible self-government, can be seen at work.

In the older sense of the word, therefore, Imperialism, meaning the extension of the rule of one nation over large new areas and the government of other races and peoples, is no longer applicable to the situation existing within the British Commonwealth of Nations. Britain no longer rules an Empire on which the sun never sets. The very language of the Imperialists of the Chamberlain school, who frankly maintained the view that " our Colonies are in the condition of undeveloped estates," to be held for the benefit and advantage of the inhabitants of Great Britain, no longer has any meaning. The conception underlying these phrases has been replaced by the larger and more realistic conception of a group of countries bound together by a common tradition in politics and government, in law, and in

language and literature, rather than by ties of economic interest through the development of a system of imperial preference.

Labour principles, no less than its actual policy, forbid us to give countenance to the idea of creating a closed ring of countries, self-sufficing, and independent of all other countries outside the ring, using their vast resources for the benefit only of their own population, and raising a barrier of hostile tariffs against their neighbours. We have no sympathy at all with the effort to create an artificial economic unity by means of preferential tariffs, and to develop inter-imperial trade with the object of making the countries within the British Commonwealth units in a self-contained and self-sufficing organisation, in league against the rest of the world. Neither in matters of economic policy nor of political relationship does the Labour Party condone that form of imperialism which dreams of free trade within the Empire and tariff walls around it. Labour repudiates not only the idea of Britain's domination over the other countries of the British Commonwealth, but also the idea that the British Empire is a sort of super-State. Before the emergence of the self-governing dominions it was possible to think of a unitary British Empire which was, in relation to the subordinate communities within it, a super-State. That idea can no longer be maintained.

As the inter-Imperial Relations Committee of the Imperial Conference of 1926 declared, the group of self-governing communities composed of Great Britain and the Dominions are now in the position of being able clearly to define their mutual relations : " they are autonomous communities within the British Empire, equal in status and in no way subordinate one to another, in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations." It is, as General Smuts once put it, " an organic combination of equal States. . . . There is no super-State, no super-authority : it is a meeting of equals under one sovereign."

Labour's policy, based on a recognition of the facts of to-day, aims at promoting closer political and economic relations with the self-governing dominions, India, and the other countries forming the British Commonwealth. To quote the Party's official programme :

" A Labour Government would provide for closer personal contact between the Government of Great Britain and those of the Dominions and other members of the British Commonwealth, and at Commonwealth Conferences it would ensure that the British delegation should include representatives of Opposition as well as Government opinion."

This declaration gives point and emphasis to the approaches made to the various Dominion Governments by the Labour Prime Minister in 1924.

A circular telegram sent by Mr. Ramsay MacDonald to the Dominion Prime Ministers in June of that year expressed the Labour Government's concern as to the adequacy of the existing arrangements for consultation with the other self-governing parts of the Empire on matters of foreign policy and general imperial interest. The Labour Government, he said, fully accepted the principle of the necessity for making effective arrangements for *continuous* consultation in all important matters of common imperial concern and for such necessary concerted action, founded on consultation, as the several Governments might determine. The Labour Government also realised that action to be taken as a result of such consultation must be subject to the constitutional requirements of each country; but it was felt by the Labour Government, as a result of its experience since taking office, that the existing system of Imperial conferences had in practice two main deficiencies: (1) immediate action, especially between Imperial Conferences, was rendered extremely difficult when such action is imperatively needed, as, for example, in the sphere of foreign policy; and (2) when the matters under discussion were sub-

jects of political controversy, economic or otherwise, the conclusions reached at and between Imperial Conferences were likely to be reversed through changes of Government. The circumstances led inevitably, in the Labour Government's view, to disappointment, and threw doubt upon the utility of the system of Imperial Conferences.

What the remedy was, Mr. MacDonald and his colleagues did not then presume to say; but they suggested to the Dominion Governments that on the first question—namely, that of securing rapid decision on matters of foreign policy—the resolution of the Imperial Conference of 1923 dealing with the subject of negotiation should be further examined, with the object of seeking how that resolution might be supplemented and interpreted and whether the principles embodied in it could usefully be extended to other matters affecting foreign relations.

With respect to the importance of making Imperial Conference resolutions on economic questions effective, what is wanted, Mr. MacDonald suggested, is " the creation of some sort of workable machinery so that the public opinion of the whole of our Commonwealth of States should influence the policy for which the Commonwealth must be responsible." One method of bringing about the desired result was presented to the Dominion Governments by the Labour Prime

Minister, in this message, in the form of a proposal that future Imperial Conferences should not be confined to representatives of the parties in office at the time of their meeting, but that the Conferences should be representative of the Oppositions as well as of the Governments. It cannot be said that this proposal was very cordially welcomed by the Dominion Governments, in spite of the fact that in some of the Dominions at least, notably Canada, the Leader of the Opposition is given a salary by the State and holds a quasi-official status in Parliament. It was recognised by Mr. MacDonald and his colleagues that representation of Oppositions side by side with Governments in the Imperial Conferences might tend to hamper the frank exchange of views and unrestricted interchange of confidential information on matters of foreign policy and defence ; but, as another method, it was suggested that, whilst continuing representation of Governments only, it should be arranged for each Government to obtain from its own Parliament beforehand a general approval, within sufficiently wide limits, of the position to be taken by its representatives.

The Dominion Governments were asked to consider these suggestions with a view to a preliminary examination of the problems thus presented, and though nothing resulted immediately, the attitude of the Labour Government was a

sufficiently clear indication of its desire to promote a genuinely close connection with the Dominion Governments and Parliaments, and to keep the people of the Commonwealth fully informed of the direction of policy in matters of foreign relations.

With regard to India, the Labour Party's official programme lays it down that the Indian people have a right to self-government and self-determination, and that the Party's policy would be one of continuous co-operation with them with the object of establishing India at the earliest possible moment, and with her consent, as an equal partner with other members of the British Commonwealth of Nations.

It is explained also that a Labour Government would urge the various States concerned to co-operate in a survey of the land resources of the British Commonwealth. The object of this survey would be to secure a subordination of the private use of land to the general interests and to promote a scientific redistribution of population, thereby assisting to improve the cultivation of land and to increase the supplies of food and raw materials. Closely related with this, is the Labour scheme for the bulk purchase of food supplies for Britain's population. This forms part of Labour's agricultural policy; but it has an obviously direct bearing upon the relations of the Dominions with

the Mother Country. "A Labour Government would provide facilities for overseas producers in the marketing of their produce in this country with a view to stabilising prices and eliminating unnecessary intermediaries, whilst it would co-operate in the control and cheapening of the transport of food supplies to Great Britain." * This, it is obvious, is a different policy from that of imperial preference, and it has the added advantage of bringing into action those great voluntary organisations of farmers which are beginning to play an important part in the development of producers' co-operation in the Dominions.

An outstanding problem of inter-Imperial relations is the question of migration. The Labour Party does not believe that emigration is a solution of the unemployment problem. There is no real solution to be found on the lines of a policy which simply transfers our own unemployed workers to the Dominions, without regard to the economic and social conditions prevailing in those countries and ignoring their capacity to absorb additional population. Yet the Labour Party perceives a close connection between the present abnormal unemployment from which our country has been suffering for the last eight years and the cessation of emigration during the years of war. Had the normal number of emigrants been able to leave

* *Labour and the Nation*, p. 48.

these shores between 1914 and 1919 the unemployment situation in this country, quantitatively considered at least, would be different. Migration and training schemes for intending settlers abroad, therefore, play an important part in Labour's policy. It is necessary, too, to see that intending emigrants receive reliable information regarding their prospects in the countries to which they propose to migrate; and proper provision must be made for training settlers and supervising their transfer to the new life overseas. This aspect of the question of migration falls well within the competence of the Labour and Trade Union organisations. A Labour Government would take steps to get into touch not only with Dominion Governments, but also with the Labour and Trade Union movement in those countries, and take the initiative in setting up proper machinery for regulating migration and supervising the movement of settlers and determining their conditions. This means that migration will be dealt with when Labour is in office not as a means of ridding this country of a surplus of workers, but as another step towards the closer co-operation and consultation with the various countries within the Commonwealth upon which the harmonious and orderly development of Imperial economic and political relationships must depend.

Something must be said, in conclusion, about

the responsibilities of the British Government towards the indigenous peoples in those tropical and sub-tropical parts of the British Commonwealth where responsible self-government is still an ideal of the future. To these people, held in a state of tutelage, Labour feels a special and peculiar responsibility. Here, if anywhere, the conception of trusteeship about which much has been said requires to be applied systematically, with a consciousness of its high moral importance. Far too long has colonial administration subordinated the welfare of the indigenous populations to capitalist interests. It is the policy of the Labour Party to assist both the economic and political development of these areas. Indigenous peoples must be protected from economic exploitation, helped to utilise their national resources, and assisted along the road to a higher standard of life and to political democracy.

CHAPTER XVI

LABOUR AND PEACE

EVERY political party pays lip service to the ideal of peace. Practically all the civilised nations, moreover, have pledged themselves, either through the Covenant of the League of Nations, the Locarno Treaty, or the Kellogg Pact, severally or collectively, to renounce war as an instrument of policy, and to seek a pacific settlement of disputes arising between them. So far as formal pledges go, the civilised nations would seem to have established for all time the reign of peace. Some of them, including our own country, are triply pledged. There is, first of all, the pledge embodied in the Covenant of the League of Nations. Under Article 12 of the Covenant the Member States have agreed that any dispute arising between them which is likely to lead to a rupture shall be submitted either to arbitration or to inquiry by the Council of the League, and pending either arbitration or inquiry, they have agreed that they will in no case resort to arms until either an award or a report has been made, and even then not until three

months have elapsed from the date of such report or arbitration award. If arbitration is the method chosen, the signatory nations are pledged to accept the arbitral award. If conciliation is the method adopted, they are pledged not to resort to war against any country which complies with the Council's report, if the report is unanimous; if it is not unanimous the parties are, after a lapse of three months delay, free to fight.

Without pausing to discuss the ambiguities of such a pledge, or the defects of the procedure indicated, it would appear that there is here a positive agreement not to resort to war for the settlement of international disputes until at any rate an effort has been made to secure a settlement by pacific means.

More limited in its scope, but certainly as peremptory in its terms is the Treaty of Locarno, by which Great Britain has guaranteed Germany against French aggression, and has guaranteed France against German aggression. The Locarno Treaty commits the signatory countries to obligations and responsibilities which go beyond those embodied in the Covenant of the League of Nations. Not only does each party agree in no case to attack or invade the other or resort to war against the other; they mutually agree to submit disputes to arbitration, or to conciliation, or to a determination of the issue by the Council of the

League of Nations. Each country is solemnly pledged to abide by the decision reached by one or other of these methods. Even if the League Council should not be unanimous, the signatory States have pledged themselves not to go to war with each other, except against the State which was the first to attack.

It might be thought that here we have sufficient guarantee against war, but formal pledges have been carried much farther. There are additional guarantees against war in the Pact of Paris, better known as the Kellogg Pact, to which our own and fourteen other Governments are parties. Under this Pact the high contracting parties solemnly declared in the names of their respective peoples that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another. They go further: they also agree that the settlement or solution of all disputes or conflicts, of whatever nature or whatever origin they may be, which may arise among them shall never be sought except by pacific means. This is the language of the Treaty itself. It is not apparently lacking in precision and it covers a very wide field.

Yet notwithstanding these triple guarantees against war, and all the elaborate arrangements to secure a pacific settlement of international disputes,

the goal of general disarmament seems as far off as ever. The civilised nations can offer each other guarantees of the most binding nature in one breath, and in the next breath can proceed, as the United States—the real author of the Kellogg Pact—proceeded, to accelerate and intensify competition in armaments. Thus the United States Senate, immediately following the vote on the Kellogg Pact, proceeded to consider a Bill authorising the construction of fifteen cruisers. Recent developments of national policy, not in the United States alone, but also in our own country and in other countries which have adhered to the League of Nations, to the Locarno Treaty, and to the Pact of Paris show, in fact, that the statesmen guiding the destinies of these countries are unable to square precept with practice. They have become parties to Treaties of the most binding character and have accepted obligations which are precise and particular in order to prevent war and preserve peace: yet the race in armaments continues. Immense sums are expended annually in maintaining armed forces; all the resources of scientific invention are taxed to produce new and more terrible engines of war.

Efforts to secure disarmament have so far failed to make any real progress through the League of Nations, notwithstanding much sincere and able work on the part of the friends of peace. No

small share of responsibility for the failure of these efforts rests with the Conservative Government of 1924–1929. There is no more distressing and discreditable chapter in the history of post-war diplomacy than the frustration of the proposals for a limitation of armaments which originated with the Government of the United States. For that frustration the British Foreign Office, and Viscount Cushendun in particular, must share the main burden of blame with M. Briand and the Quai d'Orsay. I do not propose to write that chapter here, but it is unquestionably the case that by conspiring to back each other's contentions with regard to naval and military armaments, Great Britain and France—or rather the diplomatists and militarists who were in control of the foreign policy of these two countries—succeeded in making abortive the well-meant efforts of the United States to promote a further development of the policy of limiting armaments which were somewhat spectacularly inaugurated at Washington in 1921.

Limitation of armaments, though only a phase of the general problem of general progressive disarmament, is undoubtedly a necessary first step. It is required as a measure of economic necessity by all countries, with the possible exception of the United States—and that country may be excepted only because it is the wealthiest nation in the world, and not because there is no need in America

for expenditure of the money now wastefully used in maintaining armaments, on the development of social services and protective legislation which that country lacks. As for our own country, when we are constantly being told that we are too impoverished to maintain and extend vitally necessary services like education, infant welfare and maternity provision, and the woefully incomplete and inadequate system of social insurance, it is really an outrage that we should continue to spend over £114 million a year on the maintenance of armed forces. Out of every shilling of national taxation 8½*d.* goes to pay for costs of past wars and preparations for new ones. And whilst we pay homage to the idea of peace between the nations, we are entering upon a dangerous competition with the United States in naval armaments.

Why should there be this contradiction between precept and practice? The explanation lies, in part at least, in the fact that the makers of these Treaties are still obsessed with the notion that the ultimate guarantee of peace is, after all, to be ready for war. They do not really trust one another. They fear in their hearts that the Treaties may prove mere scraps of paper. They feel it necessary to be armed against all eventualities. They perceive, as we all must perceive, that there are many loopholes in the Covenant, Treaty and Pact they have entered into, by which the war-mongers

in every country may find excuse for war. These Treaties are only binding if the nations consent to be bound; but no country feels safe under these Treaties because of the reservations and exceptions that are made, and because they realise that every reservation or exception opens the door to war. Neither in the Covenant of the League of Nations, nor in the Locarno Treaty, nor in the Paris Pact is there an unqualified renunciation of war. Thus, of the reservations made under the Kellogg Pact the most important are those made by our own country. Sir Austen Chamberlain, in defining the British Government's view of the Kellogg Pact, reminded its author that " there are certain regions of the world the welfare and integrity of which constitute a special and vital interest for our peace and safety. His Majesty's Government has been at pains to make clear in the past that interference with those regions cannot be suffered. Their protection against attack is to the British Empire a measure of self-defence. It must be clearly understood that his Majesty's Government in Great Britain accept the new Treaty upon the distinct understanding that it does not prejudice their freedom of action in this respect."

The French Government for its part maintained the view that an attack upon a neutralised State by any party to the Treaty must automatically free any, or all, of the signatory States from

their obligations under it. The United States Government itself, through Mr. Kellogg, made it clear that the Pact did not in any way restrict or impair the right of self-defence which is, he said, " inherent in every sovereign State, and implicit in every Treaty. Every nation is free at all times, regardless of Treaty provisions, to defend its territory from attack or invasion, and it alone is competent to decide whether circumstances require recourse to war in self-defence."

Language of this character clearly indicates the qualified and doubtful nature of these mutual guarantees against war. They represent unquestionably a step towards the outlawry of war. They constitute, therefore, a recognition of the moral standards that are beginning to obtain among the nations of the world; but they rest nevertheless upon the belief that the paramount factor in international relations is still the rule of force. Labour's peace policy, on the other hand, rests upon the conviction that it is possible to substitute for the rule of force, the rule of law. This is not a mere verbal distinction, or a playing with words. It embodies a vital difference in the approach to the problem of organising the world for peace.

Peace, as Labour understands it, is not merely the absence of war, a mere lull in the conflict of nations. The peace that Labour strives for is not an armed peace; it means for us the deliberate

and conscious pursuit of a constructive policy aiming at the establishment of machinery for the settlement of all disputes between nations by pacific means, and at the maintenance of law and order among the nations, in the same way and by the same means as law and order are maintained at the present time in all civilised countries, in order that the real work of the world may be carried on in a spirit of hearty co-operation. Labour's peace policy is dynamic; it is not a formal diplomatic agreement embalmed in a Treaty which, signed, sealed and delivered, is pigeon-holed for future reference: it is a strong, consistent and sustained effort to establish a system of international justice, and a rule of international law, identical in spirit and purpose with that which regulates the relations of citizens in every civilised community in the world. It makes the League of Nations the central agency of international understanding, and proposes to develop the machinery of the League of Nations as the only effective means of organising the world for peace.

Labour's peace policy has been embodied in the Geneva Protocol, submitted to the world in 1924, an instrument of arbitration, security and disarmament, which does not merely close up the gap in the existing Covenant of the League, but provides an alternative to war; which involves the establishment of a system of settling international

disputes under the rule of law. The governing principle of the Protocol is arbitration. Its prime purpose is to give the nations security. It provides them with a joint and general guarantee which every signatory nation is pledged to implement that justice will be done in every international dispute, and that no nation will be permitted, any more than a criminal is permitted, to flout the rule of law by resort to arms. It makes war a crime. It provides a test of criminality by laying down the principle that the State which refuses to submit to, and accept the decisions of, the international tribunal, and resorts to war in defiance of the general will shall be judged guilty of international crime.

The Protocol, in fact, rewrites the Covenant of the League of Nations in the light of the proved deficiencies and defects of the procedure it prescribes. The Protocol does not really add anything to the obligations undertaken by those who signed the Covenant. It defines those obligations with greater precision and extends the operative machinery of the League of Nations so as to bring within its scope every form of international dispute, and provides a practical means of settling them. It makes war entirely illegitimate as a means of settling disputes between nations. Sanctions are provided for the enforcement of the decisions promulgated either by the Permanent

Court of International Justice, or the Council of the League of Nations; but these sanctions need not be of a purely military character, and would, under the operation of the system, more often take the form of economic sanctions, the severance of all relations, and the suspension of all intercourse with the offending State.

The security offered by the Protocol is, as the Labour Prime Minister put it, a "pooled" security. It is a security resulting from a general agreement and a general plan to outlaw war. It does not impose upon unwilling States the obligation to submit to compulsory arbitration: it proposes a general acceptance of the obligation to arbitrate for the settlement of disputes. That is to say, it invites them to associate themselves in the arts of peace and to co-operate in establishing the reign of international law. It assumes that any Member State will honour the obligation it incurs when it attaches its signature to the instrument, and it automatically assumes the existence of criminal intention on the part of a State which (1) refuses to submit a dispute to arbitration; (2) disregards an award, or judicial decision, or Council recommendation; (3) violates any provisional measures undertaken by the Council of the League of Nations as a step towards settlement of a dispute; (4) disregards the arrangement made by the Council in prescribing a militarised zone;

(5) refuses to accept the conditions of the armistice which the Council is required to impose if, and when, a conflict begins before a peaceable settlement can be made.

Under the operation of the Protocol, moreover, the whole machinery of the League of Nations will become operative ; its legal, economic, and financial organs will become of vastly greater importance, as an integral part of the organisation of a world at peace. Secure in the knowledge that law and justice will rule in the settlement of disputes which would, in the absence of the guarantees provided by the Protocol, lead to war, the nations will proceed much farther on the road to international co-operation, in the breaking down of international trade barriers, in ridding themselves of the vexatious and silly restrictions upon international intercourse, in re-drawing political frontiers with greater regard to common-sense, economic necessities, and international goodwill, and abolishing, along with their bloated armaments on land and sea and in the air, the whole apparatus of frontier guards and customs houses and passport stations which nourish to-day the stupid and antiquated notion of sovereignty, freedom and independence of States, and perpetuate the tradition of fear, mutual distrust and hatred from which war springs.

The American proposals for disarmament pre-

sented to the Preparatory Commission on Disarmament by Mr. Hugh Gibson introduced a new factor into the situation, and has been heartily welcomed by the Labour Party. As the Leader of the Labour Party pointed out, these proposals of Mr. Hugh Gibson would not have been made in 1929 if Labour had been in power for the preceding four and a half years ; a Labour Government would have taken steps much earlier to deal with this problem. As it is, Mr. MacDonald has pledged himself, as soon as a Labour Government assumes office, to enter into negotiations with America upon outstanding matters and come to a naval agreement with that country. We hold firmly that armaments depend upon policy, and the question of disarmament cannot be considered apart from the foreign policy the Labour Government will pursue. That policy is based, as I have shown, upon the principle of international co-operation. Its method is one of conciliation and arbitration when differences arise between States. Its aim is to bring into existence a world free from the ever-present menace of war and capable of pursuing the arts and usages of peace.

The true peace of the world lies in international organisation and international co-operation in the arts and usages of peace. It is not enough, in the Labour view, to renounce war as an instrument of

policy, nor does it suffice for the nations to offer one another guarantees of security: the real security of peace lies in the establishment of a system of international justice, and in the maintenance of the rule of international law.

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DEC 7 1966	APR 2 0 1977
DEC 7 REC'D	APR 1 7 1977 RET'D
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